ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

DEPARTMENT OF MARKETING MANAGEMENET

THE EFFECT OF MARKETING STRATEGY ON CUSTOMER SATISFACTION: THE CASE OF SELECTED INSURANCE COMPANIES IN ADDIS ABABA

BY

NEBIAT MOHAMMED

ID No.: SGS/0371/2012A

ADVISOR: EPHREM ASSEFA (Ph.D)

DECEMBER, 2021

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A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY, SCHOOL OF GRADUATE STUDIES FOR PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTERS OF MARKETING MANAGEMENT

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APPROVED BY BOARD OF EXAMINERS

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DECLARATION

I, Nebiat Mohammed, hereby declare that this thesis entitled “The Effect of Marketing Strategy on Customer Satisfaction: The Case of Selected Insurance Companies in Addis Ababa” is my original work, presented under the guidance of Ephrem Assefa (PhD). I would also confirm that any part of this thesis has not previously been submitted for a degree or any other qualification at this University or any other institution. All sources and materials used for this thesis have been duly acknowledged.

Name: Nebiat Mohammed

Signature: ___________________

Addis Ababa, Ethiopia

Date of Submission: December, 2021

ENDORSEMENT

This thesis entitled ***"The Effect of Marketing Strategy on Customer Satisfaction in the Case of Selected Insurance Companies in Addis Ababa"*** has been submitted to St. Mary's University, School of graduate studies for examination with my approval as university advisor.

Ato Ephrem Assefa (Ph.D)
Date and Signature______________________
St. Mary's University, Addis Ababa

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LIST OF ACRONYMS/ABBREVATIONS

- SPSS: Statistical Package for Social Sciences
- PS_1=Product Strategy
- PS_2=Price Strategy
- PS_3=Promotion Strategy
- PS_4=Place Strategy

ABSTRACT

A number of insurers are competing and offering the customers a plethora of products. Customers are demanding quick and better service from the service providers. Hence, the main objective of this study is to examine and analyze the effect of marketing strategy on customer satisfaction in Ethiopia: the case of selected insurance companies in Addis Ababa. The research design used was descriptive and explanatory in nature. Primary data were collected through a structured questionnaire distributed to 384 customers (in which 320 was received back). Data were processed via SPSS software and analyzed through descriptive (frequency, percentage, mean and standard deviation) and inferential statistics (regression analysis). Regression analysis was used to find the effect of marketing strategy (production strategy, price strategy, promotion strategy & distribution strategy) on customer satisfaction. The result of the study showed that marketing strategy has a positive and significant effect on customer satisfaction. Therefore, insurance companies need to make a thorough market research to understand the needs of the customers and accordingly launch the products to match with customer's expectation The quality, transparency & integrity to acquire & retain customers in the long term must be upgraded by the insurance companies to survive competition in the market in order to deliver their product to the target potential customers.

Keywords: *marketing strategy, customer satisfaction, insurance*

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Marketing strategy has the fundamental goal of increasing sales and achieving a sustainable competitive advantage (Baker, 2008). Marketing strategy includes all basic, short-term, and long-term activities in the field of marketing that deal with the analysis of the strategic initial situation of a company and the formulation, evaluation and selection of market-oriented strategies, therefore contribute to the goals of the company and its marketing objectives. In order words, marketing strategies are processes through which companies determine where to place effort, which market and market segments they choose to sell. It encompass those activities which give the firm sense of purpose and direction, provide a measure against which proposed actions can be gained or accessed and ensure firm's competitive advantage in the market in order to satisfy customer needs (Homburg, Sabine and Harley, 2009).

The importance of customers has been highlighted by many researchers and academicians. Customers are the purpose of what we do and rather than them depending on us, we very much depend on them. The customer is not the source of a problem, we shouldn't perhaps make a wish that Customers 'should go away' because our future and our security in the service industry will be put in jeopardy. That is the main reason why organizations today should focus on Customer satisfaction (Zairi, ,2000).

Satisfaction is an overall Customer attitude towards service providers in any industry or an emotional reaction to the difference between what Customers anticipate and what they receive, regarding the fulfillment of some needs, goals or desires (Hansemark, O.C, & Albinson, 2004). The issue of customer satisfaction in service industries is difficult to define, because of the characteristics of intangibility (the process of service delivery is aimed at satisfying the need and not the service ion of a physical good), heterogeneity (there are no exactly standards services, nor always identical to themselves, because they depend from company to company, depending on personal contact, so the quality specifications are set within a range of acceptable quality levels within a margin of natural variation), perish ability (inability to keep the results of service ion processes for future moments of sale, hence the need to synchronize demand and supply) and inseparability (the time between processing and delivery) of the service.

It has become clear that in the insurance market there has been a real revolution that has led to changes in the market, strategies of companies, offering services and services, in the manner of distribution of insurance services. The introduction of new technologies in the insurance sector has led to further revisions to both the internal processes and to external ones for the companies, especially distribution. In fact, companies are aware of the fact that the real competitive challenge in the insurance sector is to play on the distribution front and on the ability of firms to coordinate the traditional channels with the innovative ones. Thereby, it will be possible to create customers' values and gain competitive advantage compared to competitors (Youjae, 2010).

The insurance sector is characterized by issues such as the customer, faced with the choice of the policy, processes information using a variety of sources; usually, the customer does not do any large shopping, limited or referred to an agent; the overall customer satisfaction is a function of three key elements: satisfaction about the relationship and contact with sales staff; satisfaction about the service / service insurance; and satisfaction with the insurance company providing the service.

The emergence of modern insurance in Ethiopia can be traced back to the establishment of the Bank of Abyssinia in 1905. The bank acted as an agent for foreign insurance companies to underwrite fire and marine policies. The first domestic private insurance company was established in 1951 with a share capital of Eth Br 1,000,000, and in the 1960s, the number of domestic private companies was started increasing (Zeleke, 2007).At present, there are different insurance companies that are operational in Ethiopia that provide general insurance services, except one, which provides life insurance. One of the insurance companies, the Ethiopian Insurance Corporation (EIC), is state-owned, while the rest are private. Ethiopian insurance companies 'investment activities are heavily constrained by the restrictions imposed by the National Bank of Ethiopia's investment proclamation which requires them to invest a majority of their funds in government securities and bank deposits at negative real interest rates. Moreover, lack of infrastructure, especially a stock market, has constrained investment activities of Ethiopian insurance companies (Mezegebe, 2010). Following this, competition has become stiff in the industry and some of the private insurance companies that want to increase their sales volumes have been granting unfair and huge discounts to attract clients, thus attaining sales targets. This aggressive pricing policy has led to an unhealthy spiral of premium cutting which significantly undermines the growth and prospects of the insurance industry in Ethiopia

The concept of marketing mix strategy therefore involves a deliberate and careful choice of strategies and policies for organization Product, Price, Promotion and Place. All the elements must be properly selected and mixed in right proportions in order to enhance product or service and make it attractive to the customer. Accordingly, the importance of these strategies is critical to a firm, as it outlines the means of achieving the organizational objectives. To achieve the objectives, the marketing mix has to be constantly reviewed since the external environment is constantly changing. It can also change due to change in customer preferences and taste, change in lifestyle, innovation and technology (Hassen, 2014).

1.2. Statement of the Problem

Every marketing strategy must bear the consumer in mind. Designing and developing a marketing programs with a painstaking research on the consumer will lead into "misses or near misses" (Nwosu, 2001) problems for an organization. The consumer's tastes and needs are dynamic, implying that every product should constantly seek ways to offer freshness in order to remain relevant in the market place.

It has become clear that in the insurance market there has been a real revolution that has led to changes in the market, strategies of companies, offering services, in the manner of distribution of insurance services. Thereby, it will be possible to create customers' values and gain competitive advantage compared to competitors. In the insurance sector, we know little experience using systems to monitor customer satisfaction, although it is felt among the experts, the importance of conducting evaluations focused on customers' satisfaction (Robins, 1994).

(Mezgebu2015) attempted to test the impact of customer relationship marketing on customer satisfaction; the case of Commercial Bank of Ethiopia. The research findings indicate that there is a significant relation positive between relationship marketing components including trust, commitment, communication, conflict handling and competence on customer satisfaction and also to regression testing that all variables were examined simultaneously on customer satisfaction; results showed that all components have a significant impact on customer satisfaction.

Moreover, according to the study conducted by (Ebit, 2014), marketing strategy has positive influence on customer satisfaction. Likewise, (Mohammed & Hildia, 2015) confirmed that all four aspects of marketing mix are equally important and have positively affect customer buying intention and affects customer satisfaction.

A lot of research empirical evidence indicated that marketing strategy can affect customer satisfaction in different industries. Up to the best knowledge of the researcher, limited effort was given to investigate the effect of marketing strategy on customer satisfaction in Ethiopia Insurance sector. Moreover, there is no literature on the same discussion. Therefore, this research attempts to examine how marketing strategy affect customers satisfaction in insurance companies.

1.3. Basic Research Questions

The main question of the study is what impact does marketing strategy have on customer satisfaction? In addition to that the particular research questions that this study answered include:

1. How does product strategy affect customer satisfaction?
2. How does price strategy influence customer satisfaction?
3. How does promotion strategy affect customer satisfaction?
4. To what extent place/distribution strategies affect customer satisfaction?

1.4. Objectives of the Study

1.4.1. General objective

The general objective of the study is to examine the effect of marketing strategies on customer satisfaction in the case of selected insurance companies in Addis Ababa.

1.4.2. Specific Objectives

1. To determine the extent to which product strategy affects customer satisfaction.
2. To test the extent to which price strategy influences customer satisfaction**.**
3. To examine the effect of promotion strategy customer satisfaction.
4. To investigate the extent to which place (distribution) strategy affects customer satisfaction.

1.5. Significance of the Study

The study will have various contributions for different individuals and groups. For the insurance company, the study helps to identify problems related with developing marketing strategies and satisfying customer. It suggests mechanisms to satisfy customer by developing marketing strategy. For customers, the study suggests the mechanisms to satisfy customers by creating harmonized relationship among the marketing strategy, customers and service providers. Moreover, the study serves as a launching pad for researchers who would like to conduct related studies.

1.6. Delimitation (Scope) of the Study

The study is delimited conceptually, geographically, and methodologically. Theme wise, the study is delimited to test the effect of marketing strategy (price, product, promotion and distribution strategies) on customer satisfaction. In terms of geographical scope, the study is delimited to the insurance companies located only in Addis Ababa city. Making Addis Ababa the study area is reasonable regarding cost and time as well as the representation of all the branches accountable to the head office. Methodologically, the study mainly used questionnaire and interview to gather pertinent data from respondents.

1.7. Limitation of the Study

The researcher had faced different problems while conducting this research. In fact some insurance companies were not cooperative enough which forced the student researcher to extend the collection date of the distributed questionnaire for extended period beyond the allotted time; and some customers were not also willing to respond a lot part of the questionnaire which made the response rate to decrease in somehow.

1.8. Definition of Key Operational Terms

According to National Insurance Company of Ethiopia (2016), operational definition of basic terminologies is stated as follows;

- **Customer: -** in sales, commerce and economics, a customer (sometimes known as, buyer, or purchaser) is the recipient of a good, service, service or an idea - obtained from a seller, vendor, or supplier via a financial transaction or exchange for money or some other valuable consideration.
- **Customer satisfaction: -**It is a measure of how services and services supplied by a company meet or surpass Customer expectation. Customer satisfaction is defined as "the number of Customers, or percentage of total Customers, whose reported experience with a firm, its services, or its services (ratings) exceeds specified satisfaction goals." Customers play an important role and are essential in keeping a

service or service relevant so it is in the best interest of the business to ensure Customer satisfaction, and build Customer loyalty.

- **Marketing strategy**: - are a long-term, forward-looking approach and an overall game plan of any organization or any business with the fundamental goal of achieving a sustainable competitive advantage by understanding the needs and wants of Customers.
- **Strategy**: - is the determination of the basic long-term goals and objectives of an enterprise and the adoption of courses of action and the allocation of resources necessary for carrying out these goals.

1.9. Organization of the Study

The thesis is organized into five chapters. The first chapter deals with introduction part and includes background of the study, statement of the problem, research question, objectives of the study, significance of the study; scope of the study; limitation of the study and organization of the study. The second chapter covered review of the related literature, both theoretical and empirical, which discusses important topics related to the effect of marketing strategy on customer satisfaction. This chapter also presents the conceptual framework of the study and research hypotheses. The third chapter contain with the research methodology which consists of the study area; the research approach and design, target population; sample size and sampling techniques; source of data; reliability and validity of data collection instruments; method of data analysis and ethical considerations. Chapter four, deals with data presentation, analysis and interpretation. Finally, chapter five presents summary, conclusion and recommendation of the study.

CHAPTER TWO

REVIEW OF RELATED LITRATURE

2.1. Theoretical Review

2.1.1. Introduction

The purpose of this chapter is to present the concept of strategy, marketing strategies and customer satisfaction. Different type of marketing strategies and customer satisfaction are well discussed in this chapter. Moreover, the chapter reviews related empirical studies, presents conceptual framework of the study as well as the research hypotheses at the end of the chapter.

2.1.1.1. The Concept of Marketing, Relationship Marketing and Insurance

Before proceeding to the main discussion, it is important highlight some basic concepts such as insurance, marketing, and relationship marketing. According to a social definition, marketing is a societal process by which individuals and groups obtain what they need and want through creating, offering, and exchanging services of value freely with others. As managerial definition, marketing has often been describing as "the art of selling services." But Peter Drucker, a leading management theorist, says that "the aim of marketing is to make selling superfluous. The aim of marketing is to know and understand the Customer so well that the service or service fits him and sell itself. Ideally, marketing should result in a Customer who is ready to buy" (Kotler, 2000).

A brief definition of insurance as a phenomenon is "the practice of sharing among many persons, risks to life or property that would otherwise be suffered by only a few. This is effected by each person paying a sum of money called a premium which, with those paid by all the others, is put into a 'pool' or insurance fund, out of which money is paid to the few who suffer loss" (Longman, 1989)

The majority of the insurance companies' service products are found within the property/casualty business. The most important lines of insurance in this field are primarily commercial/industrial and property insurance, marine and transport insurance, professional driver and aviation insurance. During the last decade, there has been a development towards an expansion of mainly large-scale enterprises or corporate groups to form captives. These are insurance companies owned by a firm in order to, as far as possible, be able to level out and eliminate incurring risks on its own and thus lower its insurance costs. The captive firm is run like a subsidiary, and it insures either directly or indirectly via reinsurance companies, parts of the company's risks. The main difference between private and commercial insurance is that the latter is less standardized and much more complex in its nature. Corporate customers often want individually adapted solutions, countered by "insurance packages" by the insurers, including combinations of individual insurance (Bergendahl, Hartman, & Lindblom, 199).

The term "relationship marketing" has become popular during the 1990s, both as a fad word and as a concept. The traditional concept of marketing is often described as referring to operations where the market is manipulated through marketing programmed involving the 4Ps of the marketing mix model: product, price, place, and promotion. In the late 1970s a new concept evolved in northern Europe, elaborated simultaneously by researchers working in the field of industrial marketing who developed the industrial network theory (Anderson, Hakan, & Jan, 1994). The new approach stressed the most widely used term for this perspective has been relationship marketing. The new perspective was created as a counter reaction to the view of transaction marketing in mass markets, symbolized by the 4Ps. Establishing, strengthening, and developing of relationships with customers was in focus, in particular primarily long-term and enduring relationships (Meera, 2012).

2.1.1.2. Definition and concept of strategy and strategic marketing

Strategy is the pattern of objectives, purposes or goals and major policies and plans for achieving these goals, stated in such a way as to define what business the company is in or is to be in and what kind of company it is or is to be. An organization's strategy describes the pursuit of goals by considering the environmental threats and opportunities and the available resources and capabilities (Nandakumar, Ghobadian, & O'Regan, 2010). As such, strategic management is directed towards analyzing, collating and overcoming the problems faced by firms due to changes in the environment. Strategic management also examines the firm's rules that are set for decision making that guides the organizational activities (Petrova, 2015). Organizational strategies are formulated based on the levels of strategy of the firms that are hierarchically structured and relied upon so as to implement the strategies with the objective of achieving sustainable competitive advantage. The levels are Corporate, Business, and Functional. The firm's effective strategy therefore provides sustainable advantage that eventually results into a superior performance that is achievable when the strategy is aligned to external and internal structural conditions of the organization (Nandakumar, Ghobadian, & O'Regan, 2010)(Chandler, 1962).

Marketing strategy creates pathways to a desirable future. The output forms such marketing strategy analysis and choice (or strategic marketing decision) is a marketing strategy statement" (Kotler P. , 1997).

The selection of target markets, the marketing mix and the marketing expenditure levels" "The marketing strategy is the way in which the marketing function organizes its activities to achieve a profitable growth in sales at a marketing mix level". "A marketing strategy may be defined as a plan (usually long term) to achieve the organization's objectives as follows…" (Jorge, 2006)

a) By specifying what resources should be allocated to marketing?
b) By specifying how these resources should be used to take advantage of opportunities which are expected to arise in the future. "A marketing strategy would consist of the following: a. Identifying markets and customers' needs in those markets. b. Planning products which will satisfy the needs of these markets. c. Organizing marketing resources, so as to match products with customers in the most efficient and effective way possible, i.e., so as to maximize customer satisfaction and the organizations profits or sales revenue (or whatever its objectives are) at the same time"(Sudharsan, 1995).

2.1.1.3. Business strategy and Marketing Strategy

The organizations are operating with the intension of achieving a defined goal. To achieve this goal, driving the organizational activities towards the success is majorly important. To identify the growth opportunities Michael Porter‘s generic strategies can be used in any type of organization.

In 1985, through his book "Competitive Advantage" Creating a Sustaining Superior Performance, Michael Porter's Generic Strategies were introduced for the first time. It is vital for any organization to evaluate their current business; identify and decide the products they are going to consider producing in future to achieve maximum profit. This may include discontinuing products, introducing new products or modifying existing products. This is a necessary for any organization to achieve their targets efficiently and effectively, maintain the expected status by the stakeholders and attract the best possible market share for the product or service. According to Michael Porter, there are four generic strategies:

1. Cost Leadership:

Under the Cost leadership strategy, the organization target for a broad, large scale market. They provide the lowest possible prices to attract customers. The intension of this strategy is to reduce the costs as much as possible. The organization can use two methods to become success using cost leadership strategy. They can reduce the cost of the product as low as possible or they can achieve a large market and keep the prices in average level. Both options will help the organization to reduce the cost and to increase the income. To implement one of these methods, the organization should have a substantial capital with them and there should be a possibility in reducing the material, labor and production costs. This can be achievable in the process up to a certain extend only. The organization should be thoroughly aware when to stop the cost reduction process.

2. Differentiation:

Under the Differentiation strategy, the organization is targeting a broad, large range of market but provide a product with unique features. The organization has to create the product in a very unique way in which the product can achieve competitive advantage in the industry. They should concentrate on attracting the customers through the unique features of the product and to increase the market share by that. This helps the organization to face the rivalry competition successfully in maximizing the profits. However, the organizations who are using the differentiation strategy in Michael Porter's generic strategies, have to invest a lot on the Research and development, innovation and creativity techniques. Apart from that, the right way of marketing is vital for this kind of products as they are targeting a large scale of market. They should continuously improve the product qualities and should be flexible to the environmental changes.

Because of which the customers find the firms product unique and more attractive in some way and therefore the customer, is willing to pay premium price. Some of the attributes firm uses to differentiate their products are: Product features: - for example Philips developed a television that can display two channels on the same screen. After sale service convenience and quality, services could be a critical factor in deciding among alternatives.

3. Cost Focus:

When the organization is implementing the cost focus strategy, they are aiming a niche market with a little competition. This is more a focused market segment and the product will be provided to the market with the lowest possible price. It is importance for the organization to choose the niche market correctly and provide to the market. That will create repeat customers and the products cost will remain low.

(Focus strategy): producers must recognize that they cannot appeal to all buyers in the same way. Buyers are too numerous, too widely scattered and too varied in their needs and buying practices. Moreover, different companies varied widely in their ability to serve different segments of the market. Rather than trying to compete in an entire market each company must identify the parts of the market that it can serve best. Marketing segmentation helps the seller to divide the market into distinct groups of buyers with different needs, characteristics and to develop profiles of the identified potential marketing segments. This in turn will help to set the competitive positioning for the product and creating a detailed marketing mix. The best way of segmenting a market could be based on geographic, demographic, behavioral and psychographic/lifestyle (Emawaysh Addisu; 2002)

Strategic marketing involves looking at the whole of a company's portfolio of services and markets, and managing the portfolio to achieve the company's overall goals (Jain, 2000). A marketing strategy consists of an internationally integrated but externally focused set of choices about the organization addresses its Customers in the context of a competitive environment (Bradley, 2003). A marketing strategy is all of a company's marketing goals and objectives combined into a single comprehensive plan**.** Business executives draw a successful marketing strategy from market research. They also focus on the right service mix so that they can get the most profit.

4. **Differentiation Focus:**

When an organization is providing its product to the market using the differentiation focus, they select a niche market and provide a unique product to that market. This involves a powerful brand loyalty of the customers to the product. It is highly important to make sure the product features remain unique as the customer loyalty is based on the uniqueness of the product.

2.1.2. Components of Marketing Strategy

Different organizations have different marketing strategies, which they planned, established and implemented based on their exceptional situations. In consequence, there are more marketing strategies than look in literature. However, the common marketing mix consisted of the 4Ps, including product, price, promotion, and place (Vignali, 2001).

2.1.2.1. Product

Is the object of the exchange process, the thing which the producer or supplier offers at a potential customer in exchange for something which the supplier thinks as equivalent or of greater value. The product is an important component of the marketing mix. A product is anything that can be offered to a market to satisfy a want or need. It includes goods, services, experiences, events, persons, place, properties, organizations, information and ideas. (Schewe & Smitch, 1980) Recognized the traditional expanded approaches to defining a product. Under the traditional approach, a product is seen as the entire bundle of utility that is offered by a marketer to the market place. This bundle contains a potential for satisfaction that comes in part from a tangible, objective feature of the product. Satisfaction is also derived from the intangible, subjective features of a product. (Nwokoye, 1981) Sees a product as a bundle of physical and psychological satisfaction that a buyer receives from a purchase. This includes not only the tangible object, but also such supportive elements as packaging convenience of purchase, post purchase services and others that buyer's value. New products may lead to sales growth or stability, increase profits control, reduce risk through diversity, offer differential advantages, improve distribution and respond to consumer needs. Those products which ultimate users buy for their final consumption are called consumer products, while those bought for resale or for producing other items intended for sales are industrial products.

- **What is Product Life Cycle?**

Product Life cycle- The term product life cycle refers to the length of time a product is introduced to consumers into the market until it's removed from the shelves. The life cycle of a product is broken into four stages introduction, growth, maturity, and decline. This concept is used by management and by marketing professionals as a factor in deciding when it is appropriate to increase advertising, reduce prices, expand to new markets, or redesign packaging (Steffens, August,2002)

Product life Cycle Strategies

The product life cycle contains four distinct stages: introduction, growth, maturity and decline. Each stage is associated with changes in the product's marketing position. We can use various marketing strategies in each stage to try to prolong the life cycle of our products.(Anderson & Zeitham, 1984)

1. Product Introduction Strategies

Marketing strategies used in the introduction stages include:

- rapid skimming - launching the product at a high price and high promotional level
- slow skimming - launching the product at a high price and low promotional level
- rapid penetration - launching the product at a low price with significant promotion
- slow penetration - launching the product at a low price and minimal promotion

During the introduction stage, we should aim to:

- establish a clear brand identity
- connect with the right partners to promote our product
- set up consumer tests, or provide samples or trials to key target markets
- Price the product or service as high as we believe we can sell it, and to reflect the quality level we are providing. We could also try to limit the product or service to a specific type of consumer - being selective can boost demand.

2. Product Growth Strategies

Marketing strategies used in the growth stage mainly aim to increase profits. Some of the common strategies to try are:

- improving product quality
- adding new product features or support services to grow our market share
- entering new markets segments
- keeping pricing as high as is reasonable to keep demand and profits high
- increasing distribution channels to cope with growing demand
- shifting marketing messages from product awareness to product preference
- skimming product prices if our profits are too low

The growth stage is when we should see rapidly rising sales, profits and our market share. Our strategies should seek to maximize these opportunities.

3. Product Maturity Strategies

When our sale peaks our product will enter the maturity stage. This often means that our market will be saturated and we may find that we need to change our marketing tactics to prolong the life cycle of our product. Common strategies that can help during this stage fall under one of two categories:

- market modification - this includes entering new market segments, redefining target markets, winning over competitor's customers, converting non-users
- product modification - for example, adjusting or improving our product's features, quality, pricing and differentiating it from other products in the marking

4. Product Decline Strategies

During the end stages of our product, we will see declining sales and profits. This can be caused by changes in consumer preferences, technological advances and alternatives on the market. At this stage, we will have to decide what strategies to take. If we want to save money, we can:

- reduce our promotional expenditure on the products
- reduce the number of distribution outlets that sell them
- implement price cuts to get the customers to buy the product
- find another use for the product
- maintain the product and wait for competitors to withdraw from the market first
- harvest the product or service before discontinuing it

Another option is for our business to discontinue the product from our offering. We may choose to:

- sell the brand to another business
- significantly reduce the price to get rid of all the inventory

Many businesses find that the best strategy is to modify their product in the maturity stage to avoid entering the decline stage.

2.1.2.2. Pricing

Price is defined as the amount of money to pay for a product or service, or the value of the exchange help customers receive a product or service for a certain amount (Kotler.P & Armstrong.K, 2010). In general, customers always want a reasonable price in buying a product or services.

A product is only worth what customers are prepared and willing to pay for it. The price also needs to be competitive but it does not necessarily have to be the cheapest. The price must also provide a profit because it is the only element of the marketing mix that generates revenue. In designing pricing strategies, a company must live up and be consistent to the higher quality expectations of the customers- packaging, environment, promotional materials, letterheads, invoices, among others (The Chartered Institution of Marketing, 2009).

Accordingly, a suitable price is one that will cover the costs (fixed and variable) and leave the proprietor with a reasonable profit. The industry is profit making and highly competitive. Therefore, very small changes in price may translate into significant volumes of sales and larger market share also higher profits. Charging price has a profound impact on marketing strategy, price elasticity of the product which then affects demand (sales) and market size.

2.1.2.3. Promotion

This is a way a company communicates what it does and what it can offer customers to their satisfaction. It includes activities such as advertising, branding, public relations, corporate social responsibility, special offers and exhibitions. Promotion must be appealing, tell a consistent message and above all else give the customer a reason to choose the company's product (The Chartered Institution of Marketing, 2009). Promotion ensures that the company's internal and external stakeholders are aware of the value and attributes of the company's products.

2.1.2.4. Place or Distribution

Place is a way of displaying the company's product to customer groups. This could be in a shop window, but it could also be via internet (The Chartered Institution of Marketing, 2009). The place where customers buy a product, and the means of distributing a product, and the means of distributing a product to that place, must be appropriate and convenient for the customer (CIM, 2009). The product must be available in the right place, at the right time and in the right quality, while keeping storage, inventory and distribution costs to an acceptable level.

2.1.3. Customer Satisfaction

2.1.3.1. The Concept of Customer Satisfaction

Customer satisfaction can be defined as a person's felt state, either pleasure or discontent, ensuing from comparing a product's perceived performance (or outcome) in relation to the person's expectations Customer satisfaction has long been recognized as one of the critical success factor in today's competitive business environment as it affects companies' market share and customer retention. “Satisfied customers tend to be less influenced by competitors, less price sensitive, and stay loyal longer” (Yang.Zhilin, Jun.Minjoo, & Peterson.Robin, 2004). Customer satisfaction has been one of the top tools for a successful business. Customer satisfaction is defined as an overall evaluation based on the total purchase and consumption experience with the good or service over time (Zeithaml.V.A & Bitner.M.J, 1996). With marketing, customer satisfaction also comes along with it which means it ascertains the expectation of the customer on how the goods and services are being facilitated by the companies. Actionable information on how to make customers further satisfied is, therefore, a crucial outcome (Oliver 1999.)

A customer is an individual or business that purchases another company's goods or services. Customers are the individuals and businesses that purchase goods and services from another business. To understand how to better meet the needs of its customers, some businesses closely monitor their customer relationships to identify ways to improve service and services. The way businesses treat their Customers can give them a competitive edge. Although consumers can be Customers, consumers are defined as those who consume or use market goods and services(Feliks, B.K.P, & Hotmanpanjaitan, 2012).

Customers are important because they drive revenues; without them, businesses cannot continue to exist. All businesses compete with other companies to attract Customers, either by aggressively advertising their services, by lowering prices to expand their Customer bases or developing unique services and experiences that Customers love, think Apple, Tesla, Google (Khadijia.Khartit, Sep 24,2020).

Customer satisfaction is a term used to describe a scenario when an exchange meets the needs and expectations of its user. It captures the provision of goods or services that fulfill the Customer’s expectations in terms of quality and service in relation to the price paid. Customer satisfaction, as a business term, can also be used to measure how the supply of services or services surpasses customer expectations (Harvard Business Review, 2007).

Customer satisfaction is an abstract concept and involves such factors as the quality of the service, the quality of the service provided, the atmosphere of the location where the service or service is purchased, and the price of the service or service. Businesses often use Customer satisfaction surveys to gauge Customer satisfaction.

Parker Mathews (2001) described two fundamental ways of interpreting satisfaction; as a process or as an outcome. As a process, satisfaction could be viewed as the emotional response of the Customer to his evaluation of the difference or not of his prior experience with the service and or service and his current experience. If the perception is that the prior experience was more satisfying than the latter, then the end result is dissatisfaction; if, however the perception is vice versa then the end result is satisfaction (Al-Hersh, Aburoub, & Saaty, 2014).

2.1.3.2. The Role of Customer Satisfaction in Insurance Industry

In fact, companies are aware of the fact that the real competitive challenge in the insurance sector is to play on the distribution front and on the ability of firms to coordinate the traditional channels with the innovative ones. Thereby, it will be possible to create Customers' values and gain competitive advantage compared to competitors. In the insurance sector, we know little experience using systems to monitor customer satisfaction, although it is felt among the experts, the importance of conducting evaluations focused on Customer satisfaction. The Customer does not do any large shopping, limited or referred to an agent; the overall customer satisfaction is a function of three key elements: 1. Satisfaction about the relationship and contact with sales staff; 2. satisfaction about the service / service insurance; 3. satisfaction with the insurance company providing the service (CG Armistead, G. Clark, 1994).

The customer satisfaction, compared to his own service/service purchased (the policy), decreases when an individual has been exposed to messages from other companies, conveyed by the media; For a complete verification of customer satisfaction is not enough to ask the Customers to describe their dissatisfaction about the services / services but also the latent dissatisfaction of Customers should be investigated. Events where the Customer service has failed, have a strong impact on Customer satisfaction against the insurance company. If the individual remembers where the company as a whole) has failed to adequately respond to his problem, it significantly reduces the satisfaction with the company, demonstrating that the latter is the key component of customer satisfaction overall; Personal contacts have a strong positive impact in relation to satisfaction with personal contact. In this perspective, post-sales activities, while not an immediate sale, are a strong investment in the customer. If this is the scenario where to play the satisfaction of the customer, we need to think about expanding the market share of existing Customers, and while looking for new ones (G. Giappichelli editor- Torino, 2009).

2.1.3.3. Factors affecting Customer's Satisfaction in Insurance Industry

Factors affecting customer satisfaction is worth important in order to know the reasons or the factors which are responsible to create satisfaction among customer for a particular brand. Customer satisfaction is established when brand fulfills the needs and desires of customers. Fairness and Customer services were the taken as predicting variables towards customer satisfaction as criterion variable. The first factor is less Customer services is a system of activities that comprises Customer support systems, complaint processing, speed of complaint processing, ease of reporting complaint and friendliness when reporting complaint (Kim.M, Park.M.C, & Jeong.D.H, 2004).

Customer services are the opportunities for telecom service providers that are added to mobile network other than voice services in which content are either self-produced by service provider or provided through strategic compliance with service provider (Kuo.Y.F, Wu.C.M, & Deng.w.J, 2009). The improved Customer services are the focal point of the telecom service providers for social as well as for economic reasons. From a social point of view, services should satisfy the needs of the customers (Turel, Serenko, & Alexander, 2006). The friendly attitude and courteous behavior of the service worker at service industry a positive impression on the customer which led towards customer satisfaction (Soderlund.Magnus & Rosengren.Sara, 2008). On the other hand, if a telecom service provider lacks in providing services to its Customers it experiences Customer churn. Service provider should provide Customer-oriented services in order to heighten up Customer satisfaction on it. (Kim.M, Park.M.C, & Jeong.D.H, 2004).

The other factor is price fairness. According to price is the amount of money charges for a service (Kotler.P & Armstrong.K, 2010). Price at the amount of money or goods needed to acquire some combination of other goods and its companying services. Price fairness is a very important issue that leads toward satisfaction. (Stanton, Michael and Brunce1994) Charging fair price helps to develop Customer satisfaction and loyalty researches has shown that Customer's decision to accept particular price has a direct bearing at satisfaction level and loyalty and indirectly (Martin-Consuegra.D, Molina.A, & Esteban.A, 2007). In another study it was concluded that Customer satisfaction is directly influenced by price perceptions while indirectly through the perception of price fairness. The price fairness itself and the way it is fixed and offered have a great impact on satisfaction. (Herrman.E, Call.J, Hernandez.Lloreda, M.V.Hara.B, & Tomasello.M, 2007). The result showed that both the factors are significantly contribute to explain Customer satisfaction but comparatively prices fairness had the large impact on Customer satisfaction but comparatively prices fairness had the larger impact on Customer satisfaction than Customer services.

Customer satisfaction is established when brand fulfills the needs and desires of customers. In this research study, the subscribers of telecom sector or the mobile service providers like Ufone, Mobilink, Telenor etc. operating in Pakistan were targeted as the population while Price Fairness and Customer services were the taken as predicting variables towards customer satisfaction as criterion variable. The results showed that both the factors significantly contributed to explain Customer satisfaction but comparatively price fairness had the larger impact on Customer satisfaction than Customer services. Conclusion and implications of the study are also discussed based on the analysis (Herrman.E, Call.J, Hernandez.Lloreda, M.V.Hara.B, & Tomasello.M, 2007).

2.1.3.4. Customer Satisfaction in the Insurance Sectors

In the insurance sector, customer portfolio analysis suggests that customer retention (the measure of detention or "preservation" of existing customers) has a strong impact on the profit levels of insurance companies, especially after the liberalization of car tariffs (mass market for insurance services is the best) which made the loyalty of the Customer base even more important. It would seem, in fact, that the best way to compete is to satisfy their Customers rather than attack the competition. In fact, it is much more difficult to acquire a new Customer than repeat sales to the existing Customers (Coviello.A & Di.Trapaninf, 2010).

For the company the customer is an increasingly scarce resource, therefore expensive and difficult to manage: he is a precious heritage for the company and the need to develop methods and processes by which to measure the value of this valuable resource to manage it. The basis of this value is Customer satisfaction: a satisfied Customer is worth much more than an indifferent Customer, dissatisfied Customer, however, is a floating mine organization normally does not know (Fabris, 1995, op. Cit.).

In other words, customer satisfaction is a summary derived from the aggregation of individual experiential different experiments; a psychological state is not immediately observable, depending on the coupling of the emotions surrounding the confirmation of expectations with the previous sensations. The reasons for Customer satisfaction should be analyzed, therefore, and determine (Coviello.A & Di.Trapaninf, 2010).

2.1.3.5. Customer Satisfaction Measurement

Satisfaction: is a person's feeling of pleasure or disappointment resulting from comparing service perceived performance and expectation. Customer satisfaction– reflects person's comparative judgments resulting from a service's perceived performance (or outcomes) in relation to his/her expectations. It is the key influence on future buying behavior Customer's expectations must be set at the right level of expectations, neither too low nor too high. Customer Value & Satisfaction are key building blocks for developing & managing Customer relationships. Satisfied Customer repurchases, spreads word of mouth and maintains long term relationship with the company. Dissatisfied consumer switches to competitors' brands and disparages the service. (Maxham & J.G, 2001).

To measure this, SERVQUAL method was suggested to evaluate CS by (Parasuraman, Zwithaml, & Berry, 1988). Consequently, there have been several follow-up articles and studies about the SERVQUAL method and its application. Research in service quality has also been conducted within the framework of the expectation and disconfirmation paradigm. The central idea in this model is that service quality is primarily a function of the difference scores or gaps between expectations and perceptions (Jamila.D, 2007). The service quality research has been dominated by the SERVQUAL instrument which is usually cluster in five group quality determinants: Reliability, Responsiveness, Insurance, Empathy and Tangible (Parasuraman, Zwithaml, & Berry, 1988)(Wisniewski.M, 2001). Thus, SERVQUAL can be used as a methodology used for measuring CS. The objective of SERVQUAL methodology is usually to develop the best instrument for measuring CS.

Customers' satisfaction is the response of completion of consumers' needs. It is considered as a service characteristic or the service itself, which gives a happy fulfillment of consumption related factors (Zeitham.V.A & Bitner.M.J, 2000). Customer satisfaction is the outcome that customers received when the service they experienced exceed their expectation. In marketing, it is being viewed as the global evaluation of service experience over time (Lim et al., 2006). According to an exhaustive review of (Grigoroudis.E & Y.Siskos, 2010), customer satisfaction may be defined in two basic ways: either as an outcome, or as a process: The first approach defines satisfaction as a final situation or as an end state resulting from the consumption experience. The second approach emphasizes the perception, evaluation and psychological process that contribute to satisfaction. Although different approaches of defining customer satisfaction may be found in the literature, the most popular of them are based on the fulfillment of customer expectations. As, (Oliver.R.L, 1997), and (Grigoroudis.E & Y.Siskos, 2010) mentioned, satisfaction is a standard of how the offered "total" product or service fulfills customer expectations. Measuring customer satisfaction could be very difficult at times because it is an attempt to measure human feelings. It was for this reason that some existing researcher presented that "the simplest way to know how customers feel, and what they want is to ask them" this applied to the informal measures (Levy.P, 2009). According to Levy 2009 there are three ways of measuring customer satisfaction: (1) A survey where customer feedback can be transformed into measurable quantitative data: (2) Focus group or informal where discussions orchestrated by a trained moderator reveal what customers think and (3) Informal measures like reading blocs, talking directly to customers.

2.2. Review of Empirical Studies

Studies revealed that the marketing strategies a firm adopts have correlation with customer's satisfaction (Shaw.E, 2012). However, the direction of the satisfaction depends on how effective the firm has utilized the strategies. Customer satisfaction is the overall essence of the impression about the supplier by the Customers. This impression which a customer makes regarding supplier is the sum total of all the processes the customer goes through communicating the supplier before doing any marketing, service manufacturing, quality of services and services and responses to customers' complaints and queries to post delivery services. It therefore behooves on the supplier or marketing firms to choose their strategies carefully so as attract the customers rather than scare them.

According to (Homburg, Sabine and Harley 2009), a well developed and implemented market strategy may result in additional revenue to the organization. If this has to be, it must create Customer satisfaction. Therefore, the extent of customer satisfaction for any service or service depends on the proper use of organization's strategies (Anderson.R, 2007).

Moreover, Abdul (2009) has conducted a study in Malaysia (Strategies towards the new sustainability paradigm: managing the great transition to sustainable global democracy) by using a 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.

(Odunlami.D, 2014) Has conducted a study on telecommunication service delivery and customer satisfaction in telecom subscribers in Nigeria. The study concluded that service quality and customer service have no significant relationship with customer satisfaction price has a significant relationship to customer satisfaction.

Furthermore, (Anne.Wanganui, 2016) has conducted research on marketing strategies and Customer satisfaction in the case of the institute of executive coaches, in East Africa. The aim of this research was to study the relationship between Service Strategies and Promotion Strategies and Customer Satisfaction in the IEC-EA in Kenya. This study adopted a descriptive study design; cross- sectional in nature because data was collected from a homogenous sample and the design helped in describing people who took part in the study. In addition, the design helped in revealing patterns and connections that could have otherwise gone unnoticed.

When we come to the Ethiopian context (Meron.Asegedom, 2018) conducted a study to determine the effect of marketing strategies on customer satisfaction in the case of St. George Brewery She concluded that marketing strategies (product, price, promotion and distribution) were positive significant and joint predictors of sales performance of St George in Addis Ababa beer market. Moreover (Kirubel.Wube, 2018) conducted research to investigate Effect of Marketing Mix Strategy on customer satisfaction in the case of Ethiopian Trading Enterprise in which he concluded that marketing mix such as product; price, place and promotion explain 50% of the variation on customer satisfaction, which shows that the influence of marketing strategy on customer satisfaction is statistically significant and has a positive effect.

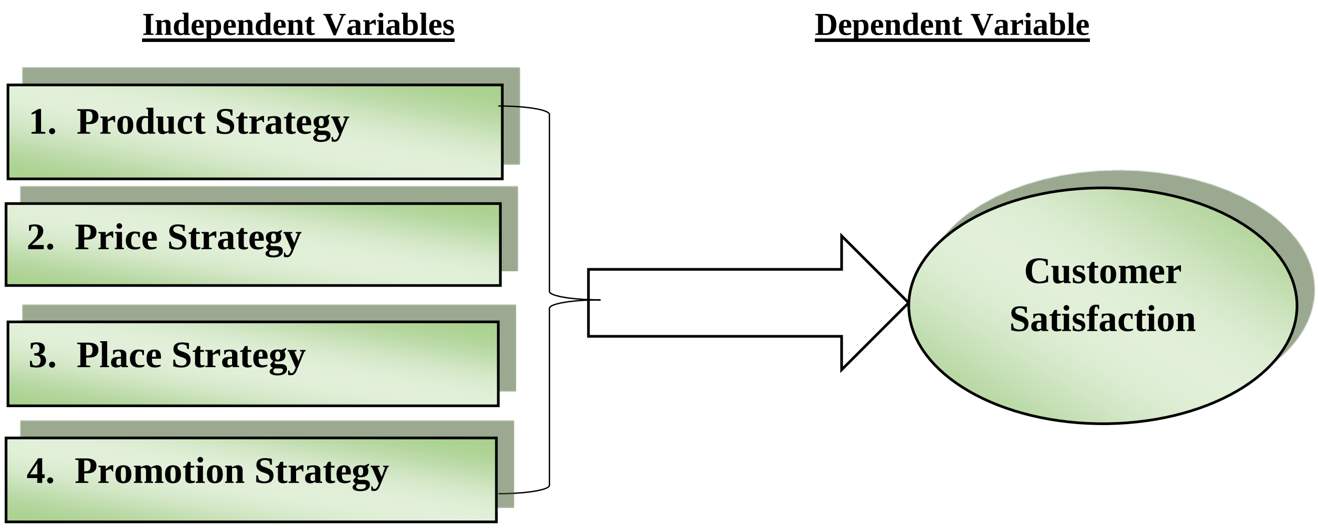
2.3. Conceptual Framework of the Study

The objective of the study is to test the effect of marketing strategies on customer satisfaction. The conceptual framework of the study demonstrates the relationship between the independent variable (marketing strategy) and dependent variable (customer satisfaction).

Marketing strategy is composed of four components namely product, price, promotion and place/distribution. A product means what is produced or generated. A product can be in form of goods or services. Successful companies find out what customers need or want and

Develop the right product with the right level of quality to meet those needs now and in the future. The price must also provide a profit because it is the only element of the marketing mix that generates revenue. The place where customers buy a product, and the means of distributing a product, and the means of distributing a product to that place, must be appropriate and convenient for the customer. Promotion is a way a company communicates what it does and what it can offer customers to their satisfaction. It includes activities such as advertising, branding, public relations, corporate social responsibility, special offers and exhibitions. These dimensions are assumed to have a positive effect on customer satisfaction. The figure below shows the proposed conceptual framework adopted and modified from literatures.

Figure 2.1: Conceptual framework of the Study



Sources: *Researcher formulation based on hypothesis and theory*

2.4. Research Hypotheses

For the purpose of analyzing the effect of marketing strategy on customer satisfaction, the following hypotheses have been proposed:

- **H_1:** There is a statistically significant positive effect of product strategy on customer satisfaction.
- **H_2:** There is a statistically significant positive effect of price strategy on customer satisfaction.
- **H_3:** There is a statistically significant positive effect of promotion strategy on customer satisfaction.

- **H_4:** There is a statistically significant positive effect of distribution strategy on customer satisfaction.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

This section covers the research methodology part of the study. More specifically, the chapter discusses the research approach; research design; sources of data and data collection instrument; population, sample size and sampling techniques; reliability and validity of data collection instruments; methods of data analyses and ethical considerations are discussed here.

3.2. Research Approach

A research can be qualitative, if it is looking to find better way to understand consumers thought and motivations without the use of number while quantitative research seek to quantify data and typically, apply some form of statistical analysis (Malhotra.Naresh & Birks.David, 2007). The student researcher used a mixed research approach, i.e., a combination of quantitative and qualitative mixed research approaches. Qualitative data helps to interpret ideas which are gathered through open ended questionnaire and interview while quantitative method helps to interpret data which are gathered through close ended questionnaire.

3.3. Research Design

A research design is the ‘procedures for collecting, analyzing, interpreting and reporting data in research studies’. In other words, it sets the procedure on the required data, the methods to be applied to collect and analyze this data, and how all of this is going to answer the research question (Cresewell.j.w & Plano.Clark.V.L, 2011). As explained by(Robson.C, 2002), there are three possible forms of research design: exploratory, descriptive and explanatory.

(Robson.C, 2002) States that, the aim of descriptive research is to portray an accurate and exact profile of people, events or situations. An exploratory study is very valuable way of finding out what is happening or to seek new insights, to ask questions and to assess phenomena in a new light. It is a very useful if the research is about clarifying and understanding of any problems and there is also a willingness to change direction in exploratory study. On the other front, an explanatory study involves a research which focuses on studying a situation or a problem in order to explain the relationships between variables. So, while descriptive studies may ask ‘what’ kinds of questions, explanatory studies seek to ask ‘why’ and ‘how’ questions (Saunder.M, Lewis.P, & Thornhill.A, 2007).

For this study, the researcher used explanatory research design which was applied because it helps to test the cause-and-effect relationship between marketing strategy and customer satisfaction, and also to highlight the most important factors that can negatively or positively affect customer satisfaction.

3.4. Source of Data

Data collection means to collect data for analysis and examining. There are two types of data: primary and secondary data. Primary data is first hand personal information collected by the researcher through questionnaires in terms of quantitative research or interviews and observations for qualitative research. On the other hand, secondary data is used to analyze the already collected data from previous research and authors. These data are already available on different sources such as internet, past papers or books (Bryman.A & bELL.e, 2011). This research used both primary and secondary data sources. In this study, the data was gathered from both primary and secondary sources.

3.4.1. Primary Data

Primary data was gathered through questionnaire from customers of the insurance company. The questionnaires were designed based on literature and previous researches.

3.4.2. Secondary Data

The secondary data was collected from books, journal articles, masters or doctoral theses, reports, draft plans, performance review.

3.5. Population, Sample size and Sampling Techniques

3.5.1. Population

According to (Hair.J.F, Black.W.C, Babin.B.J, & Anderson.R.E, 2010), the target population is said to be a specified group of people or objects for which questions can be asked or observed made to develop required data structures and information. The total population figure is not known since there are large number of customer at the selected insurance companies, namely, NICE, Nyala, Nile, EIC & Berhan. The companies were selected based on their willingness to get feedback from their customers. Therefore, for this study the target population was taken from these customers within Addis Ababa which were easily accessible for the researcher's and customers' conveniences in terms of time and space.

3.5.2. Sample Size and Sampling Technique

There are lots of sampling techniques which are grouped into two categories i.e. Probability Sampling and Non-Probability Sampling (Alvi.Mohsin, 2016). The study used convenience sampling technique which is a type of non-probability sampling. In fact, this sampling technique occurs where a link to a survey is posted on a website and all visitors to that site are invited to respond, or when an invitation to participate is circulated via social media (Tanner, 2018).

(Malhorta.N.K & Peterson.M, 2006) And (Zikmund.W.G, 2003) have stated that, the larger the sampling size of a research, the more accurate the data generated. However, due to time and financial limitations and the nature of the population, the sample size was calculated based on estimation method given by (Kotharic.C.R, 2004).

$$\boldsymbol{n} = \frac{\boldsymbol{z}^2 \times \boldsymbol{p} \times \boldsymbol{q}}{\boldsymbol{e}^2}$$

Where by:-

n= size of sample

z= standard variation at the given confidence interval

p= percentage of success

q= Percentage of failure

e= sampling errors

Thus, grounded on the formula an estimate of the likely percentage of success has to be considered (Kotharic.C.R, 2004). Therefore, the most common percentage of success (p) which is 50% was chosen in line with a confidence interval of 95% (z), 5% sampling error (e). Therefore, the sample size for this study was 384.

$$n = \frac{1.96^2 \times 0.5(1-0.5)}{0.5^2} = 384$$

3.6. Method of Data Collection

Both primary and secondary data sources were used for this study. The primary data were collected by using questionnaires. To get data, questionnaires were prepared and distributed among the respondent's customers only. The questionnaires have both open and close ended questions, and were designed based on literature and previous researches.

Questionnaire consisted of two parts. First part of the questionnaire consisted of demographics. Part two consisted of questions related to variables mentioned above. The questionnaire was prepared using close-ended method questions and 5 Point Likert-Scale approaches (i.e., from "Strongly Agree to Strongly Disagree"). For the 5-point Likert scale the respondents were asked to indicate their level of agreement with the ratings of Strongly Agree (1), Agree (2), Neutral (3), Disagree (4) and Strongly Disagree.

3.7. Reliability and Validity

3.7.1. Reliability

Reliability is the consistency or repeatability of the measurement. Hence, reliability refers to the degree to which research instruments yields consistent data or results after repeated trials (Marshall.C & Rossman.G.B, 2006). Cronbach‘s alpha is a measurement used to evaluate the reliability, or internal consistency, of a set of scale or test items. In other words, Cronbach‘s alpha is one way of measuring the strength of that reliability. It is an index of reliability associated with the variation accounted for by the true score of the underlying construct (Nunnaly, 1978) cited by (Abera.B, 2014). Cronbach alpha was computed for each four independent variables and one dependent variable. According to Hair et al., (2010) an acceptable reliability coefficient is greater than 0.7 and if it is smaller than 0.3, then it implies that there is low reliability.

Table 3.1: Reliability Statistics

Independent Variable: Marketing Strategy		
Dimensions for Independent Variable: Product, Price, Promotion & Place Strategy		
Dependent Variable: Customer Satisfaction		
Dimensions	**Cronbach's Alpha**	**No. of Items**
Product Strategy	0.713	5
Price Strategy	0.852	5
Promotion Strategy	0.762	5
Place Strategy	0.651	3
Customer Satisfaction	0.648	5
Rensis Likert, (1932)		

Source: *SPSS Result (2021)*

3.7.2. Validity

According to Marshal (2006), research validity means that we were measuring what we want to measure. Moreover, Validity is the accuracy of a measure or the extent to which a score truthfully represents a concept (Zikmund.W.G, Babin.B.J, Carr.J.C, & Griffin.M, 2010). To ensure content validity of the research instruments, the researcher ensures that the questionnaires covered all areas of each variable and the objectives of the study. Validity was made certain by pilot testing the questionnaire in order to track any doubts and inconsistencies and used questions already validated in earlier research.

In addition, to check for the validity of the study parameters and to guard the study from spurious results, the researcher performed diagnostic tests for classical linear multiple regression assumptions such as test for Normality and Multicollinearity.

3.8. Method Data Analysis and Presentation

Quantitative data analysis is used to analyze the data which are collected from primary and secondary data collection instruments. In such quantitative data analysis technique, both percentage and frequency were used to analyze the data that is obtained through close ended question and present by using table. The Linear regression and correlation are important methods to investigate the relationship between two variables (Viv.Bewick, Liz.Cheek, & J.Ball, 2003). In this study data was analyzed using the SPSS software to test the reliability, correlation and regression.

Inferential statistics allows inferring from the data through analysis, the relationship between two or more variables and how several independent variables might explain the variance in a dependent variable. The following inferential statistical method is applied for the study.

1. **The Pearson Product Moment Correlation Coefficient**

Conclusions are established on the bases of results; such generalizations are therefore made for the population from the samples it speculated. Pearson Product Moment Correlation Coefficient is a widely used statistical method for obtaining an index of the relationships between two variables when the relationships between the variables is linear and when the two variables correlation are continuous. To ascertain whether a statistically significant relationship exists between carriers planning and selecting, training, compensation, and performance appraisal factors with employee performance. Correlation coefficient can range from -1 to +1. The value of -1 represents a perfect negative correlation while a value of +1 represents a perfect positive correlation. A value of 0 correlations represents no relationship.

2. Linear Regression

Linear regression is a method of estimating or predicting a value on some dependent variable given the values of one or more independent variables. Like correlations, statistical regression examines the association or relationship between variables. Unlike correlations, however, the primary purpose of regression is prediction. In this study multiple regressions were applied. Multiple regression analysis takes into account the inter-correlations among all variables involved. This method also takes into account the correlations among the predictor scores. Multiple regression analysis, was helped to see more than one predictor are jointly regressed against the criterion variable. This method is used to determine if the independent variables explain the variance in the dependent variable.

3. Regression Functions

The equation of regressions on this study is generally built around two sets of variables, namely dependent variable (customer satisfaction) and independent variables (product, price, promotion and distribution). The basic objective of using the regression equation on this study was to make the study more effective at describing, understanding and predicting the stated variables.

3.9. Ethical Consideration

The researcher was objective during the data collection, data analysis, and data interpretation to avoid or minimize bias or self-deception. Respect for intellectual property was guaranteed by giving proper acknowledgement or credit for all contributions to this study and was not engage in plagiarism.

The necessary precaution was taken to make the study ethical. Each respondent were informed ahead about the purpose of the data they have provided. In addition, they were also informed that the information they provide via the questionnaire were used only for the purpose of academic study and remain confidential. Assurance was also given that the respondent’s identity will be anonymous for the research as to maintain their privacy.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1. Introduction

The main objective of this study is to investigate the effect of marketing strategy on customer satisfaction in case of selected insurance companies in Addis Ababa. In this chapter, the data obtained in the study are analyzed, presented, interpreted and discussed. The chapter starts by providing the demographic characteristic of the respondents. The descriptive and inferential statistics are presented thereafter.

SPSS version 20 and Microsoft excel were used to process the collected data. To this end, descriptive statistics such as mean, standard deviation, median, frequency, and percentage values have been calculated. In addition, with the help of SPSS, ANOVA, correlation and multiple linear regression analysis were also used to present the findings of the study. The data collected using five point Liker scale (1=Strongly Agree, 2=Agree, 3=Neutral, 4=Disagree and 5=Strongly Disagree) which is non-parametric in nature was converted in to parametric one by computing the sum and taking the average of each variable. Hence it is possible to conduct Pearson correlation and linear multiple regression (Creech.S, 2011).

A total of 384 questionnaires were distributed to the respondents of insurance customers using non probability (convenience sampling) techniques. Out of these, 325 (84.64%) usable questionnaires were collected. This response rate is quite large to confidently run the analysis. Accordingly, the analysis of this study is based on the responses obtained from these respondents.

Table 4.1: Questionnaires Collected

Questionnaires	Frequency	Percentage %
Returned questionnaires	325	84.64%
Unreturned questionnaires	21	5.47%
Response Errors	38	9.89%
TOTAL	**384**	**100%**

Source: *Own survey data (2021)*

4.2. Demographic Characteristics of Survey Respondents

The first section of the questionnaire demanded personal information from respondents. These questions include: gender, age, educational background, income level and the type of insurance service used in the insurance company.

Table 4.2: Demographic characteristics of Respondent

Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Male	223	68.6	68.6	68.6
Female	102	31.4	31.4	100.0
Total	**325**	**100.0**	**100.0**	
Age	**Frequency**	**Percent**	**Valid Percent**	**Cumulative Percent**
26-30	71	21.8	21.8	21.8
31-40	45	13.8	13.8	35.7
41-45	48	14.8	14.8	50.5
46-50>50	161	49.5	49.5	100.0
Total	**325**	**100.0**	**100.0**	
Academic Level	**Frequency**	**Percent**	**Valid Percent**	**Cumulative Percent**
<Grade 12	5	1.5	1.5	1.5
Grade 12 completed	29	8.9	8.9	10.5
Diploma	210	64.6	64.6	75.1
Bachelor's degree	81	24.9	24.9	100.0
Total	**325**	**100.0**	**100.0**	
Monthly Income	**Frequency**	**Percent**	**Valid Percent**	**Cumulative Percent**
Less than Birr 3,500	46	14.2	14.2	14.2
Birr 3,501-5,000	80	24.6	24.6	38.8
Birr 5,001-8,000	40	12.3	12.3	51.1
Birr 8,001-10,000	80	24.6	24.6	75.7
Greater than birr 10,000	79	24.3	24.3	100.0
Total	**325**	**100.0**	**100.0**	
Type of Insurance Service	**Frequency**	**Percent**	**Valid Percent**	**Cumulative Percent**
Motor insurance	214	65.8	65.8	65.8
Fire insurance	3	.9	.9	66.8
Personal& group personal accident	51	15.7	15.7	82.5
All risk insurance	34	10.5	10.5	92.9

Other	23	7.1	7.1	100.0
Total	**325**	**100.0**	**100.0**	

Source: *Own survey data (2021)*

From the data presented in table 4.2 above, the majorities (68.6%) of the respondents were male and the remaining (31.4%) of the respondents were female. This specified that out of 325respondents around 223were male and the remaining 102 were female. Therefore, the study comprises both male and female of insurance customers.

Likewise as explained in the table above, the majorities (49.5 %) of the respondents were at the age group 46-50>50years old followed by age group of 26-30years accounted for 21.8 %. The remaining 14.8 % accounted from age group of 41-45 and 13.8 % from age group of 31-40. This implied that the majorities 49.5% (46-50>50) of the respondents were elder people and economically active population and at the same time they are fond of the services provided by the insurance company.

The table 4.2 above shows that the educational level of respondents in the above category indicates that 5 (1.5%) of the respondents are <grade 12 students, 29 (8.9%) have completed 12 grade, 210 (64.60%) have a Diploma and the rest 81 (24.9%) have Bachelor's degree. So we can conclude that the majority of the sample sizes have a diploma. Furthermore, the study covered the less than 3,500.00 Birr income group, income group 3,501.00-5,000.00, income group 5,001–8,000.00, income group 8,001-10,000 Birr and income group greater than 10,000 respondents were representing 14.2%, 24.6%, 12.3%, 24.6%, and 24.3% respectively. This indicated that the analysis comprises different income section of the population.

Moreover, regarding the type of insurance service 65.8% motor insurance service and 0.9 of the respondents used fire insurance. While 15.7 %, 10.5% and 7.1% of the respondent used personal group accident, all risk insurance and other type insurance service provided by the company respectively. This proved that the analysis encompasses various societal classes.

4.3. Descriptive Analysis of the Variables

The study investigated the marketing strategy that affect the consumer satisfaction of selected insurance companies in Addis Ababa. To compare the respondents' perception towards the variables, descriptive statistics of mean and standard deviation are used. The mean value indicates to what extent the sample group averagely agrees or disagrees with the different statements. According to Best (1987), the scale is set in such a way that respondents strongly agreed if the mean score value is in the range of 1.00 – 1.80; agreed within 1.81 – 2.80; neither agreed nor disagreed within 2.81 - 3.40; disagreed if it is in the range of 3.41 – 4.20; while strongly disagreed when it falls within 4.21 – 5.00. In addition, standard deviation shows the variability of an observed response. It measure the amount of variation or dispersion of a set of values. A low standard deviation indicates that the values tend to be close to the mean of the set, while a high standard deviation indicates that the values are spread out over a wide range. Below, the results are discussed one by one.

4.2.1. Descriptive Statistics for Product Strategies Dimension

Table 4.3: Product Strategy

	N	Mean	Std. Deviation
Service quality	325	2.15	.787
Service adequacy	325	2.30	1.098
Quality consistency	325	1.00	.000
Design change	325	4.07	1.717
Insurance features	325	1.98	1.189
Valid N (listwise)	325		
Aggregate		2.3	

Source: *Own survey data (2021)*

As one of the marketing strategy, respondents were asked questions in relation with product strategy dimension issues. As can be inferred from the table 4.3 above, the response given ranged from 1.00 to 4.07 and having a standard deviation greater than one. The aggregated mean score is 2.3, which means product strategy dimension is considered to be a great factor by the majority of respondents to choose the services of an insurance company. In fact there is a fairly high agreement for the idea that there is a consistence in the quality of the insurance company services and that the insurance is adding unique features in the existing service. On the other hand, there is a lower mean score of the company's change in design and new service.

4.2.2. Descriptive Statistics for Pricing Strategies Dimension

Table 4.4: Price Strategy

	N	Mean	Std. Deviation
Price comparison	325	1.86	.975
Price reasonableness	325	1.91	1.026
Lower price	325	2.00	1.073
Insurance premium	325	2.01	1.114
Price discount & incentives	325	2.46	1.177
Valid N (listwise)	325		
Aggregate		2.048	

Source: *Own survey data (2021)*

Regarding price strategy dimensions, respondents were requested to rate based on the five point Likert scale ranging from 1 for strongly agreed to 5 for strongly disagreed. As revealed in table 4.4, the mean score is found between 1.86 and 2.46 and the aggregate mean score is 2.048 which indicates that the majority of respondents agree that price dimension has an influence in choosing an insurance company's services. More specifically on the insurance company's price comparison, price reasonableness, insurance premium, price discount and incentives offered by the insurance company.

4.2.3. Descriptive Statistics for Promotion Strategies Dimension

Table 4.5: Promotion Strategy

	N	Mean	Std. Deviation
Insurance participates	325	2.56	.978
Promotional activities	325	2.63	1.009
Informativeness	325	2.56	.994
Advertisement	325	2.70	.957
Promotion ethicality	325	3.15	1.075
Valid N (list wise)	325		
Aggregate		2.72	

Source: *Own survey data (2021)*

The mean values from the research finding in the table 4.5 above also explained that the respondents perceptions on promotional strategy dimensions and they rate of those questions as; participation in community development and in formativeness (Mean=2.56, SD=0.978), promotion by advertisement (M=2.63, SD=1.009). The aggregate mean score value here is

2.72 which indicates that promotional strategy dimensions is agreed upon by the majority of respondents as a tool in creating the required awareness to target customers.

4.2.4. Descriptive Statistics for Place (Distribution) Strategies Dimension

Table 4.6: Place Strategy

	N	Mean	Std. Deviation
Service accessibility	325	3.15	1.306
Employee trust	325	2.97	1.084
Insurance availability	325	2.42	1.244
Valid N (list wise)	325		
Aggregate		2.847	

Source: *Own survey data (2021)*

As depicted in the table 4.6, the insurance company's services are easily accessible and convenient. It had registered a mean score ranging from 2.42 to 3.15 and a standard deviation from 1.084 to 1.306. The respondents somehow agreed on the availability of the insurance service compared with other insurance companies and on the employee trust who serve customers of the insurance. On the other hand the respondents somehow disagreed on the idea of insurance service accessibility and convenience. This is indicated in the aggregated mean score value which is 2.847, meaning the respondents are mostly neutral on the place dimension as a factor to choose the services of an insurance company.

4.2.5. Descriptive Statistics for Customer Satisfaction Dimension

Table 4.7: Customer Satisfaction

	N	Mean	Std. Deviation
Service level	325	2.63	1.127
Service condition	325	2.60	1.109
Satisfaction	325	4.12	.915
Service importance	325	3.93	.802
Service importance	325	3.93	.802
Valid N (list wise)	325		
Aggregate		3.4	

Source: *Own survey data (2021)*

As indicated on table 4.7, the mean score was between 2.63 and 3.93 with a standard deviation between 0.802 and 1.127. Respondents somehow agreed on the idea of the insurance level and condition. On the other hand most of the respondents are not satisfied with the insurance company and the importance of the service they are getting. The aggregate mean score is 3.4, meaning that most of the respondents are neutral on the satisfaction they get from the insurance company.

4.4. Correlation Analysis

Correlation Analysis helps us in determining the degree of relationship between two or more variables. It shows the strength of the relation and whether the relation is positive or negative. The values of correlation ranges from - 1 to 1, Correlation coefficient able to measure the strength and the association of the linear relationship between two variables (Cohen and Holliday, 1983). As cited by Bryman and Cramer (1999) proposed the range of correlation coefficient as 0.19 and below = very low; 0.20 to 0.39 = low; 0.40 to 0.69 = modest; 0.70 to 0.89 = high, and 0.90 to 1 = very high. In this study, in order to easily classify the strength and association between variables the researcher has been used correlation coefficient range of Cohen and Hollidays (1982).

Table 4.8: Correlation Analysis for Product Strategy

		Product Strategy	Customer Satisfaction
Prod. Stra	Pearson Correlation	1	.249**
	Sig. (2-tailed)		.000
	N	325	325
Cust. Satis	Pearson Correlation	.249**	1
	Sig. (2-tailed)	.000	
	N	325	325

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

Source: *Own survey data (2021)*

Table 4.8 above shows the relationship between the product strategy and customer satisfaction. The r value shows a positive correlation between these two variables of 0.249 which is modest. This variable has the lowest correlation strength when compared to other three elements. This implies that when the organization enhances its production system, the level of customer satisfaction also increases.

Table 4.9: Correlation Analysis for Price Strategy

		Price Strategy	Customer Satisfaction
PriceStra	Pearson Correlation	1	.501**
	Sig. (2-tailed)		.000
	N	325	325
Cust. Satis	Pearson Correlation	.501**	1
	Sig. (2-tailed)	.000	
	N	325	325

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

Source: *Own survey data (2021)*

Table 4.9 above shows the relationship between price strategy and customer satisfaction. The r value shows a positive correlation between these two variables of 0.501 which is modest and significant. This indicates that when the organization uses its price strategy, the level of customer satisfaction also increases.

Table 4.10: Correlation Analysis for Promotion Strategy

		Promotion Strategy	Customer Satisfaction
Prom. Stra	Pearson Correlation	1	.573**
	Sig. (2-tailed)		.000
	N	325	325
Cust. Satis	Pearson Correlation	.573**	1
	Sig. (2-tailed)	.000	
	N	325	325

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

Source: *Own survey data (2021)*

Table 4.10 above shows the relationship between promotion strategy and customer satisfaction. The r value shows a positive correlation between these two variables of 0.573 which is modest and significant. In fact this relationship has positive and high correlation between promotion and customer satisfaction. This implies that when the organization enhances its promotional activities, the level of customer satisfaction also increases.

Table 4.11: Correlation Analysis for Place Strategy

		Place Strategy	Customer Satisfaction
PlaceStra	Pearson Correlation	1	.494**
	Sig. (2-tailed)		.000
	N	325	325
Cust. Satis	Pearson Correlation	.494**	1
	Sig. (2-tailed)	.000	
	N	325	325

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

Source: *Own survey data (2021)*

Table 4.11 above shows the relationship between place strategy and customer satisfaction. The r value shows a positive correlation between these two variables of 0.494 which is modest. This implies that when the organization enhances its place or distribution system, the level of customer satisfaction also increases.

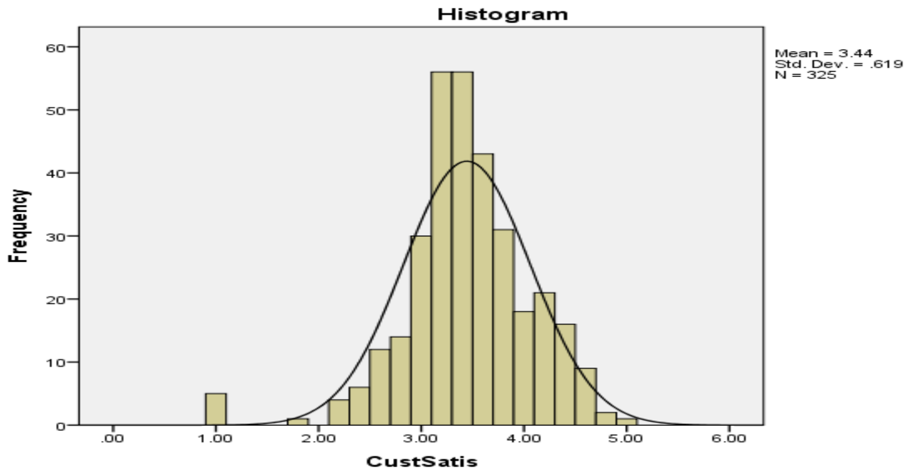
4.5. Multiple Regression Assumption Test

When we run regression we hope to be able to generalize the sample model to the entire population. To do so we have to meet several assumptions of the regression model. If we are violating these assumptions, it stops our generalizing conclusion to our target population because the results might be biased or misleading. The study conducted Normality, linearity, Multicollinearity, and homoscedasticity and no autocorrelation assumption test presented below.

4.5.1. Normality Test

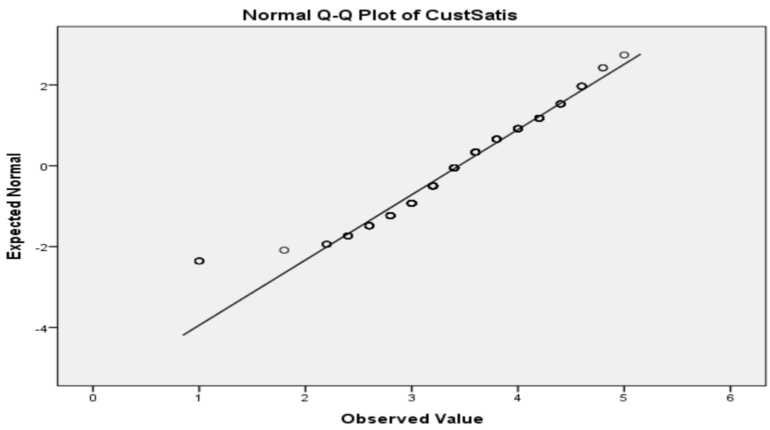
The most commonly used methods of checking normality of an individual variable are the Quantile-Quantile plot (Q-Q plot), P-P plot and Normal Curve Histogram. The P-P plotted as expected cumulated probability against observed cumulated probability of standardized residuals line should be at 45 degrees. The variable is normality distributed if this plot illustrates a linear relationship. In case of the assumption that says the combinations of variables follow a multivariate normal distribution, one can generally test each variable individually and assume that they are multivariate normal if they are individually normal (Endris.H.S, 2016). The normality test result of this research is presented by histogram as shown below.

Figure 4.1: Histogram of Standardized Residuals



Source: *SPSS Analysis result (2021)*

Figure 4.2: Histogram of Standardized Residuals



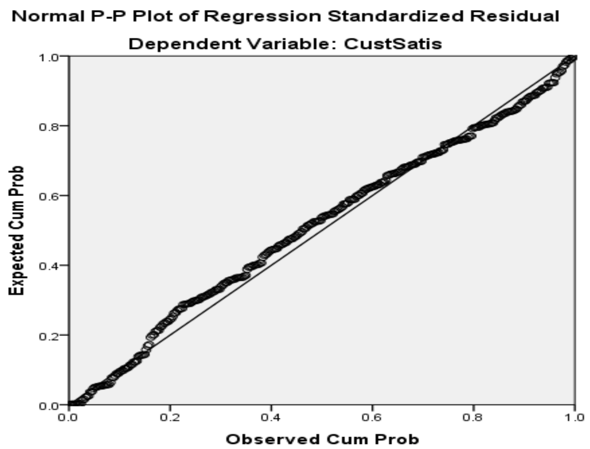
Source: *SPSS Analysis result (2021)*

The residuals in histogram above shows a fairly normal distribution and all the variables are positively skewed which is more of approached to normal distribution. Thus, based on these results, the normality of residuals assumption is satisfied. So, the study concluded that the study result analysis of the explanatory variable is normally distributed.

4.5.2. Linearity

Linearity is the degree to which the change in the dependent variable is related and affected by the change in the independent variables; the association and relation between the dependent variables and independent variables need to be linear function to perform linear regression analysis (Darlington, 1968). One method of avoiding non-linearity is to use theory of previous research study to inform the current analysis to support in choosing the suitable variables (Osborn & Waters, 2002).I.e. the relationship between the independent variables and the dependent variable can be characterized by a straight line.

Figure 4.3: Linearity Test



Source: *SPSS Analysis result (2021)*

The above Figure shows the plot of standards regression output of the study indicating linearity of the relationship between variables. We can see that the relationship between the independent and the dependent could be modeled by a straight line suggesting that the relationship between these variables is linear.

4.5.3. Multicollinearity

Multicollinearity is a situation when a high correlation is detected between two or more predictor variables. It can be detect with tolerance values and Variance Inflation Factor (VIF). According to Ho (2006), tolerance is an indicator of how much of the variability of the specified independent is not explained by the other independent variables in the model. If the value is very small (less than 0.10) it indicates that the multiple correlations with the other variables are high and it suggests the possibility of multicollinearty. The other is variance inflation factor (VIF) which is the inverse of the tolerance value. VIF values above 10 would be a concern, indicating multicollinearity.

Table 4.12: Muticollinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
1	ProdStrategy	.957	1.044
	PriceStrategy	.676	1.480
	Promotion Strategy	.462	2.164
	PlaceStrategy	.578	1.730

a. Dependent Variable: Customer Satisfaction

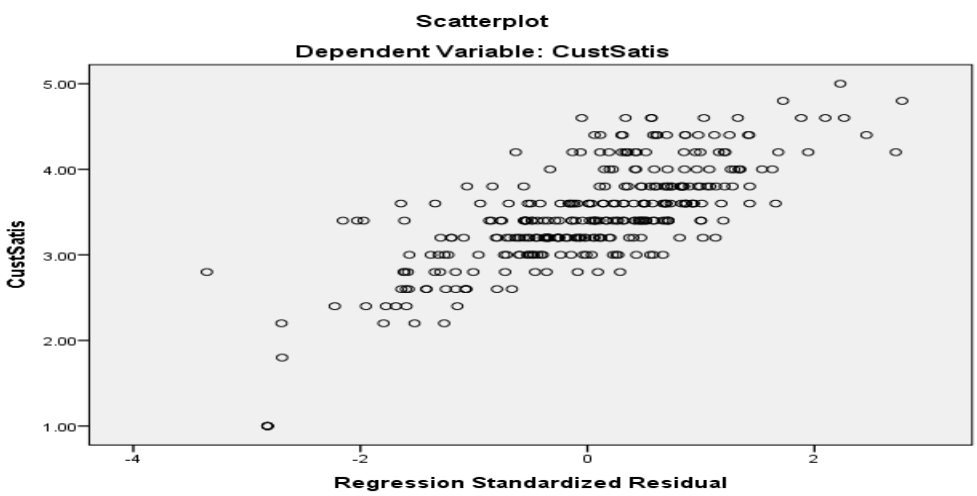
Source: *Own survey data (2021)*

The table 4.8 above shows that there is no multicollinearity among the independent variables. In fact, the tolerance value for all independent variables is greater than 0.10 and also the VIF value of each variable are less than 10.

4.5.4. Homoscedasticity Test

Homoscedasticity is the assumption that the variation in the residuals (or amount of error in the model) is similar at each point across the model. Homoscedasticity can be checked by visual examination of a plot of the standardized residuals by the regression standardized predicted value (Osborn & Waters, 2002). The below plot figures shows, even though there are some out layers that are visible, the standardized residuals in this research are distributed evenly in the same direction but in a wider range indicating heteroscedasticity wouldn't be a serious problem for this data.

Figure 4.4: Homoscedasticity Test



4.5.5. Autocorrelation Test

Autocorrelation is a characteristic of data that shows the correlation between the values of the same variables is based on correlated objects. Autocorrelation occurs when the residual is not independent of each other. It helps to know the independence of errors from one another, which implies that subjects are responding independently from each other. There is a very popular test called the Durbin Watson test that helps to detect the presence of autocorrelation. To check this assumption, we need to look at the regression output of model summary box. Durbin-Watson statistic uses to test the assumption that our residuals are independent (or uncorrelated). For no Autocorrelation assumption, Durbin-Watson statistic value needs to be close to 2. A value of two shows no autocorrelation. A value of towards zero shows positive autocorrelation. A value towards four indicates negative autocorrelation (Saunders, 2009).

Table: 4.13. Durbin Watson Statistics

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.652[a]	.425	.417	.47279	1.379

a. Predictors: (Constant), PlaceStra, ProdStra, PriceStra, PromStra

b. Dependent Variable: CustSatis

Source: *Own survey data (2021)*

From the table above, we can see that Durbin-Watson value for model is 1.379 which is a score near 2. A rule of thumb is that test statistic values between 1.5 <d<2.5 are relatively normal and show that there is no autocorrelation in the data. Field (2009) suggests that values under 1 or more than 3 are a definite cause for concern. Table 4.9 of the model summary shows the Durbin-Watson value of the study output as 1.379 indicating there is no autocorrelation in the data. Thus this value shows that values are between the range of 1 and 3 and we can conclude that there is no Autocorrelation problem as the Durbin-Watson statistic showed the value close to 2 so it can be said that the assumption of autocorrelation for the survey is met.

4.6. Regression Analysis

Regression analysis is a conceptually simple method for investigating functional relationship among variables. The relationship is expressed in the form of an equation or a model connecting the response or dependent variable and one or more explanatory or predictor variables (Samprit.Chatterjee & Ali.S.Hadi, 2013).Regression analysis was conducted to know by how much the independent variable explains the dependent variable. It is also used to understand by how much each independent variable (product strategy, price strategy, promotion strategy, and place strategy) explains the dependent variable that is customer satisfaction.

Table 4.14: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.652[a]	.425	.417	.47279

a. Predictors: (Constant), PlaceStra, Prod. Stra, Price Stra, Prom. Stra

Source: *Own survey data (2021)*

The model summary table reports the strength of the relationship between the model and the dependent variable. In above table 4.13 the R is multiple correlation coefficients and its value is 0.652. Adjusted R Square shows the ratio of interdependence which is the proportion of variance in the dependent variable that can be explained by the independent variables which in this case is 0.425. So, this shows that the independent variables altogether explain 42.5% of the variability of the dependent variables and the rest 57.5% (100%-42.5%) of the variation is caused by other factors. So, we can conclude that there is a statistically significant of the influence of marketing strategy on customer satisfaction.

Table 4.15: Regression ANOVA Model

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	52.769	4	13.192	59.016	.000[b]
	Residual	71.531	320	.224		
	Total	124.300	324			

a. Dependent Variable: Cust. Satis.

b. Predictors: (Constant), PlaceStra, Prod. Stra, PriceStra., Prom. Stra

Source: *Own survey data (2021)*

The table 4.15 above shows the output of the ANOVA analysis. It indicates. We can see that the significance value is 0.000 (i.e., p = .000), which is below 0.05. Therefore, there is a statistically significant relationship between the variables.

Table 4.16: Regression Coefficient Model

Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	Std. Error	Beta		
1	(Constant)	1.570	.148		10.636	.000
	ProdStra	.208	.053	.172	3.961	.000
	PriceStra	.194	.037	.267	5.175	.000
	PromStra	.228	.054	.265	4.242	.000
	PlaceStra	.133	.038	.195	3.500	.001

a. Dependent Variable: Cust. Satis

Source: *Own survey data (2021)*

The regression coefficient tells us whether there is a positive or negative correlation between each independent variable and the dependent variable. The coefficient value signifies how much the mean of the dependent variable changes given a one-unit shift in the independent variable while holding other variables constant.

Table 4.13 shows that the coefficient for Product Strategy is 0.208. This concludes that for every unit increase in Product Strategy, a 0.208 unit increase in Customer Satisfaction can be expected by keeping all the other variables constant. The coefficient for Product Strategy is significantly different from 0 because its p-value is 0.000 that is not greater than 0.05. Therefore, H1 "There is significant positive relationship between product strategy and customer satisfaction'' is accepted.

Table 4.13 indicates that the every unit increase in Price Strategy will increase 0.194 units in Customer Satisfaction by holding all other variables constant. The coefficient for Price Strategy is significantly different from 0 because its p-value is 0.000, which is lesser than 0.05. Therefore, H2: "Price has a significant impact on customer satisfaction" is accepted. The above table also shows that coefficient for Promotion Variable is 0.228 which it implies that for every unit increase in Promotion Variable will increase 0.228 units in customer satisfaction by keeping all the other variables constant. The coefficient for Promotion Variable is statistically significant because its p-value of 0.000 is lesser than .05. Therefore, H3 "There is a significant relationship between promotion strategy and customer satisfaction" is accepted.

Lastly Table 4.13 shows that the coefficient for Place strategy is 0.133. Therefore, it can be concluded that for every unit increase in Place Strategy, there will be a 0.133 unit increase in Customer Satisfaction by keeping all the other variables constant. The coefficient for Place Strategy is statistically significant because its p-value of 0.001 is lesser than .05. Therefore H4 "There is a significant relationship between Place Strategy and customer satisfaction" is accepted.

4.7. Regression Model For The Effect of Marketing Strategy on Customer Satisfaction

The objective of the regression in this study is to find such an equation that could be used to find the impact of predictors on dependent variable. The specified regression equation takes the following form:

$S = \alpha + \beta 1 (PS_1) + \beta 2 (PS_2) + \beta 3 (PS_3) + \beta 4 (PS_4)$

Where:

PS_1=Product Strategy

PS_2=Price Strategy

PS_3=Promotion Strategy

PS_4=Place Strategy

Therefore, equation comes as:

Customer Satisfaction = $1.570 + 0.208(PS_1) + 0.194(PS_2) + 0.228(PS_3) + 0.133(PS_4) + e$

The significant levels of product strategy, price strategy, promotion strategy and place strategy are 0.000, 0.000, 0.000, and 0.001 respectively. This test shows that the coefficients of the predictor are statistically significant at less than five percent level of significance.

4.8. Discussion

From the analysis made above it is found out that marketing mix strategies (product, price, promotion & place) are important factors and positively affect customer satisfaction, and other similar studies have supported this result (Mezgebu, 2015), (Ebit, 2014) & (Mohammed & Hildia, 2015). Moreover, the correlation analysis exposed that all variables (product, price, promotion & place) have positive and high correlation with customer satisfaction. This finding is supported by Meron (2018).

Based on the regression analysis and the r square and adjusted r square values it was found that the influence of marketing strategy on customer satisfaction is statistically significant which is also confirmed by other studies made like (Alom & Haque, 2011), (Bearden & Etzel, 2012), (Kirubel.Wube, 2018) & (Meron.Asegedom, 2018).

CHAPTER FIVE
MAJOR FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1. Summary of Major Findings

The general objective of the study was to examine the effect of marketing strategies on customer satisfaction in Ethiopia: the case of selected insurance companies in Addis Ababa. In such note the major findings of the study include:

- ***The first specific objective of the study*** was to assess the extent to which product strategy affects customer satisfaction. The study found a positive significant relationship between these two variables(r=0.249, < 0.01).As per the regression analysis result, the coefficient for product strategy indicated that a 0.208 unit increase in the variable, a 0.208 unit increase in customer satisfaction can be expected.
- ***The second specific objective of the study*** was to test the extent to which price strategy influences customer satisfaction. The study found a positive correlation between the two variables (r=0.501, < 0.01). On the other hand the regression coefficient model's result indicated that every unit increase in price strategy will increase 0.194 units in customer satisfaction by holding all other variables constant.
- ***The third specific objective of the study*** was to examine the effect of promotion strategy on customer satisfaction. In such the study showed a positive correlation between these two variables of 0.573 which is significant. As per the regression analysis result, the coefficient for promotion strategy indicated that a 0.228 unit increase in the variable, a 0.228 unit increase in customer satisfaction can be expected by holding all other variables constant.
- ***The last specific objective of the study*** was to assess the extent to which place (distribution) strategy affects customer satisfaction. This variable showed a strong relationship between customer satisfactions with r value of 0.494 which is significant. On the other hand the regression coefficient model's result indicated that every unit increase in place strategy will increase 0.133 units in customer satisfaction by keeping all other variables constant.

More over since the p- value of product strategy, price strategy, promotion strategy, and place strategy is less than 0.05 we can accept all hypotheses since they all have a positive effect on customer satisfaction.

5.2. Conclusions

Through the analysis, the study indicated that marketing strategy can easily increase the level of customer satisfaction. In fact when we look at the variables selected, if product strategy implemented by the insurance company is good, then customers will likely go to prefer the particular service This may include service quality, consistency, change in design (features) or bringing new services into the company. Price Strategy is also another variable that attracts customer to compare the services provide with other insurance companies in terms of reasonableness, seasonal price discounts and incentives given.

Moreover as per the findings of the study, promotional strategy can also affect the customer satisfaction. In fact this variable was found to be the most influential variable compared to the other three variables selected. Lastly through the analysis conducted place (distribution) strategy also showed a positive correlation with customer satisfaction. If the insurance company's services are easily accessible and convenient the customers will likely to prefer the services provided. Therefore we can conclude that marketing strategy has a positive effect on customer satisfaction.

5.3. Recommendation

The insurance industry is saturated with national brands making a lot of noise, making it tough for local insurance companies to be heard by consumers. Smart marketing strategies are necessary so that insurance companies can stand out from the national and local competition. Based on the findings of the study, the following possible recommendations were forwarded as follows:

This study states that product strategy is positively linked with customer satisfaction. In fact in a global scale a number of insurers are competing and offering the customers a plethora of products. The customers are demanding quick and better service from the service providers.

- *So for the insurance companies to survive competition, they have to upgrade the quality, transparency and integrity to acquire and retain customers in long range. They need a set of offers and the value proposition to be delivered to the target potential customers, which needs a thorough market research to understand the needs* *of the customers and accordingly launching the products to match with customer's expectation for which organizations must continuously search for the development of its product and services through marketing innovation and creativity.*

The study has also found a significant relationship between price strategy and customer satisfaction.

- *Insurance companies must learn to adapt to new technological, market, and consumer complexities with better, more dynamic pricing if they want to maintain a competitive advantage in the industry. Though technology consumers have become much more informed and price-savvy, they are more receptive to new price policies, offers as well as aware of security, mobility, and different types of coverage. All of these learning, innovations and policies have in turn created the need for new price policies and dynamic pricing structure*

According to the promotion strategy and customer satisfaction proved to have a significant relationship.

- *Insurance companies should emphasize on the use of free consultations to their clients to increase sales as part of sales promotion towards enhancement of sales growth. They also need to stress on personal selling activities since they were found to affect sales growth most significantly. Advertising activities (print, electronic, outdoor and social media) should be exploited as a means of improving performance. There is need for insurance companies to carefully evaluate the public relations activities they engage in since the tool was found not to be very effective in contributing towards sales growth*

Lastly the study proved a strong relationship between place (distribution) strategy and customer satisfaction.

- *Therefore, insurers need to invest in technology and make insurance policies accessible to the new-age digital consumers through the channel of their choice. To build on competitive advantage through marketing strategies insurance companies in Addis Ababa should understand the similarities and differences among customers in specific geographic regions and demographic segments in order to serve their customer better especially on varied population. Segmenting will enable these firms to create more precise campaigns, rather than sending general offers to the entire customer database.*

5.4. Suggestions for Further Research

The main focus of this research was to analyze the effect of marketing strategy on customer satisfaction in Ethiopia: the case of selected insurance companies in Addis Ababa. However, there are so many other variables that were not included in this study. Thus, future researchers are recommended to undertake similar study by increasing the sample size and considering additional variables.

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APPENDICES

Appendix-I: Questionnaire (English Version)

Research Questionnaires

St. Mary's University

School of Graduate Studies

Department of Marketing Management

The Effect of Marketing Strategy on Customer Satisfaction in Ethiopia: The Case of Selected Insurance Companies in Addis Ababa

Dear respondents:

I am currently attending a Master's degree in Marketing Management at St. Mary University. I am conducting a thesis on the Effect of Marketing Strategies on customer satisfaction in Ethiopia (the case of selected insurance companies in Addis Ababa). The purpose of the study is to fulfill a thesis requirement for the Master of Arts in Marketing Management. I kindly ask you to give few minutes of your time to answer the questions. Your answers will be handled strictly confidential and will exclusively be used for the purpose of this research. Therefore, I request you to answer the questions as honest as possible, in order to contribute to the success of this research.

For further information I can be reached at:

Tel: +251-9 69-43-56-46

Thank you for your cooperation

Yours Sincerely,

Nebiat Mohammed

PART 1: General Information of Respondents

Please put the tick mark (√) on the appropriate space as per your choice for each closed-ended question and the appropriate reason for open-ended questions.

I. **1-Gender:**

1. Male
2. Female

II. **Age:**

1. 18-25
2. 26-30
3. 31-40
4. 41-45
5. 46-50>50

III. **Your Education Background:**

1. < Grade 12
2. Grade 12 complete
3. Diploma
4. Bachelor's degree
5. Master's degree and above
6. Others specify please-------------------------------

IV. **What is your income level?**

1. Less than Birr 3,500
2. Birr 3,501-5,000
3. Birr 5,001-8,000
4. Birr 8,001-10,000
5. Greater than birr 10,000

V. **What type of insurance service do you use at the insurance company?**

1. Motor insurance
2. Fire insurance
3. Personal & Group Personal Accident insurance
4. Workmen's Compensation insurance

5. All Risks insurance
6. Householders insurance
7. If any:- ------------------------------

PART 2: Marketing strategy Factors

This part of the survey attempts to measure your perception towards the insurance company's marketing strategy measured from four dimensions, namely product, price, promotion and distribution strategies. Thus, indicate the extent to which you agree or disagree with the following statements. 1= Strongly Agree 2= Agree 3= Neutral 4= Disagree 5= Strongly Disagree. Please use a tick (√) mark to choose the appropriate response options for you.

- **Product strategy**

NO.	**Questions on Product Strategy**	**Response Categories**				
		1	**2**	**3**	**4**	**5**
1	I think that the Service quality of the insurance is better than other insurance companies.					
2	I feel that the insurance service seems to have adequate service.					
3	think that there is a consistence in the quality of the insurance company services					
4	I think that the insurance is making change in design and bring in new service					
5	I think that the insurance is adding unique features in the existing service					

- **Price Strategy**

NO.	**Questions on Price Strategy**	**Response Categories**				
		1	**2**	**3**	**4**	**5**
6	I compare the price of the insurance with other insurance companies					
7	The price of the insurance service is reasonable.					
8	I realize that the price of the insurance is lower than other insurance companies					
9	Is the insurance premium price the same prices with other Insurance					

10	The insurance offers seasonal price discounts and incentives					

➢ **Promotion Strategy**

NO.	Questions on Promotion Strategy	Response Categories				
		1	2	3	4	5
11	I observed that the insurance participates in community development and public affairs.					
12	Promotional activities are frequently updated					
13	Promotion by advertisement (media & social media) is more effective informing about the insurance.					
14	My decision to consume the insurance is influenced by advertisement					
15	The promotional activity of the insurance is ethical					

➢ **Place (Distribution) Strategy**

NO.	Questions on Place (Distribution) Strategy	Response Categories				
		1	2	3	4	5
16	I think that service of the insurance is easily accessible and convenient					
17	I have strong trust on the employee who serve customer of the insurance					
18	I believe that the availability of the insurance is high when compared with other insurance companies.					

PART 3: Customer Satisfaction

This part of the survey attempts to measure your level of satisfaction with the services offered by the insurance company. Thus, indicate the extent to which you agree or disagree with the following statements. 1= strongly Agree 2 = Agree 3 = Neutral 4 = Disagree 5= `Strongly Disagree. Please use a tick (√) mark to choose the appropriate response options for you.

NO.	Questions on Customer Satisfaction	Response Categories				
		1	2	3	4	5
19	In most ways, the service level the insurance is close to my expectations					

20	The service conditions of the insurance company are excellent					
21	I am satisfied with the service of the insurance company.					
22	So far I have gotten the important services I want in all my visit to the insurance					
23	In most ways the Service level of the insurance is less than my expectations					

Thank you in advance!!!

Appendix – II: Questionnaire (Amharic Version)

የፅሁፍ መጠይቅ

ቅድስት ማርያም ዩኒቨርስቲ

የድህረ ምረቃ ፕሮግራም

ማርኬቲንግ ማኔጅመንት መምሪያ

በኢትዮጲያ ዉስጥ የግብይት ስልት በደንበኞች እርካታ ላይ የሚያመጣዉ ዉጤት በተለይም በአዲስ አበባ በተመረጡ የኢንሹራንስ ድርጅቶች ላይ

የዚህ የፅሁፍ መጠይቅ አላማ በኢትዮጲያ ዉስጥ የግብይት ስልት በደንበኞች እርካታ የሚያመጣውን ዉጤት በተለይም በአዲስ አበባ በተመረጡ የኢንሹራንስ ድርጅቶች ላይ መተንተን ነዉ:: በተጨማሪም የዚህ ጥናት አላማ በማርኬቲንግ ማኔጅመንት ማስተርስ ዉስጥ የተሰጠዉን የቴሲስ መስፈርት ማሟላት ነዉ፡፡የእርሶ ታማኝ መልስ ለዚህ የፅሁፍ መጠይቅ በጣም አስፈላጊ ሲሆን የትኛውም የምትሰጡት መረጃ ሚስጥራዊነቱ የተጠበቀና ለትምህርት አላማ ብቻ የሚውል መሆኑን ከወዲሁ ለመግለፅ እወዳለሁ:: ለሚያደርጉልኝ ትብብር በቅድሚያአመሰግናለሁ::

ለበለጠ መረጃ

በስልክ ቁ፡ +251-0969-43-56-46

ኢሜል፡ nebiat.mm@gmail.com ማግኘት ይችላሉ።

ክፍል 1: አጠቃላይ መረጃ

የሚከተሉት የተለያዩ ጠቅላላ ጥያቄዎች ሲሆኑ መልሶን በተገቢዉ ቁጥር ላይ ምልክት"√" ያድርጉ ወይም ተገቢዉ ቁጥር ላይ ያክቡበት።

_ፆታ_

1. ሴት
2. ወንድ

እድሜ

1. ከ 18 — 25 አመት
2. ከ 26 እስከ 30 አመት
3. ከ 31 እስከ 40 አመት
4. ከ 41 እስከ 45 አመት
5. ከ 46 እስከ 50 አመት እና ከ 50 በላይ

የትምህርት ደረጃ

1. አስራ ሁለተኛ ክፍል ያላጠናቀቀ
2. አስራ ሁለተኛ ክፍል ያጠናቀቀ
3. ዲፕሎማ
4. የመጀመሪያ ዲግሪ
5. ማስተርስ ዲግሪ
6. ሌላ (እባክዎን ይግለፁ)____________________

ገቢ/ወርሃዊ

1. ከ 3500 በታች
2. ከ3,501 - 5000
3. ከ 5,001 — 8000
4. ከ 8001 - 10000
5. ከ 10000 በላይ

የሚጠቀሙት የኢንሹራንስ አይነት?

1. የተሽከርካሪ አደጋ ዋስትና
2. የእሳት ቃጠሎ እና መብረቅ አደጋ ጉዳት ዋስትና
3. በግል እና በቡድን ለሚደርስ የአካል ጉዳት ዋስትና
4. በሰራተኛ ላይ ለሚደርስ ጉዳት ካሳ ዋስትና
5. የሁሉም አደጋ ዋስትና
6. የቤት ባለቤቶች ዋስትና
7. ሌላ (እባክዎን ይግለፁ)____________________

ክፍል 2: የደንበኛ እርካታ ላይ ተጽኖ የሚፈጥሩ የገበያ ስልት ምክንያቶች

በዚህ ክፍል ስር የተጠቀሱት ጥያቄዎች ስለሚጠቀሙበት የኢንሹራንስ ድርጅት የገበያ ስልት ያሎትን አረዳድ አራት አቅጣጫዎችን በመጠቀም ለመለካት የሚረዱ ሲሆኑ አቅጣጫዎቹም ምርት ፣ ዋጋ ፣ ማስታወቂያ እና የቦታ ስርጭት ናቸው:: በዚሁ መሰረት ከታች በተዘረዘሩት አረፍተ ነገሮች ላይ ያሎትን የመስማማት ደረጃ ይግለፁ::አባክዎን መልሶን (√) ምልክት ያድርጉ::

1- በጣም እስማማለሁ
2- እስማማለሁ
3- ገለልተኛ
4- አልስማማም
5- ፈፅሞ አልስማማም

ተ. ቁ.	የምርት ስልት ጥያቄዎች	1	2	3	4	5
1	የዚህ ኢንሹራንስ የአገልግሎት አሰጣጥ ጥራት ከሌሎች ኢሹራንሶች የተሻለ ነው::					
2	የዚህ ኢንሹራንስ አገልግሎት ጥራት በቂ ነው ብዬ አስባለሁ::					
3	የኢንሹራንስ ድርጅቶች አገልግሎት አሰጣጥ ወጥነት					

	ያለው ነው ብዬ አስባለሁ::					
4	ይህ ኢንሹራንስ የንድፍ እና አዳዲስ አገልግሎቶች የመስጠት ለውጥ ውስጥ ነው ብዬ አስባለሁ::					
5	ይህ ኢንሹራንስ ይሰጥ በነበረው አገልግሎቶች ላይ አዳዲስ እና ልዩ የሆኑ ባህሪዎችን ጨምሯል ብዬ አስባለሁ::					
ተ. ቁ.	**የዋጋ ስልት ጥያቄዎች**	1	2	3	4	5
6	የዚህን ኢንሹራንስ ዋጋ ከሌሎች ኢሹራንሶች ዋጋ ጋር አወዳድራለሁ::					
7	የዚህ ኢንሹራንስ ዋጋ ምክንያታዊ ነው ብዬ አስባለሁ::					
8	የዚህ ኢንሹራንስ ዋጋ ከሌሎች ኢሹራንሶች ጋር ሲወዳደር አነስተኛ ነው::					
9	የዚህ ኢንሹራንስ የአረቦን ክፍያ ዋጋ ከሌሎች ኢሹራንሶች ጋር አንድ አይነት ነው::					
10	ይህ ኢንሹራንስ በየጊዜው የዋጋቅናሾች እና ማበረታቻዎችን ያደርጋል::					
ተ. ቁ.	**የማስታወቂያ ስልት ጥያቄዎች**	1	2	3	4	5
11	ይህ ኢንሹራንስ በማህበራዊ ልማት እና ህዝባዊ ጉዳዮች ላይ ተሳታፊ እንደሆነ ተመልክቻለሁ::					
12	የዚህ ኢንሹራንስ የማስታወቂያ እንቅስቃሴዎች በየጊዜው ይሻሻለል::					
13	የማስታወቂያ ስራን በተለያዩ ሚዲያዎችና በሶሻል ሚዲያዎች መስራት የበለጠ ስለ ኢንሹራንሱ እዲታወቅ ይረዳል::					
14	የዚህ ኢንሹራንስ ተጠቃሚ ለመሆን የወሰንኩት በማስታወቂያ ተፅእኖ ነው::					
15	የዚህ ኢንሹራንስ የማስታወቂያ እንቅስቃሴ ስነ ምግባርን የጠበቀ ነው::					

ተ. ቁ.	የ ቦታ ስርጭት ስልት ጥያቄዎች	1	2	3	4	5
16	የዚህ ኢንሹራንስ አገልግሎት መስጫ ቦታ በቀላሉተደራሽ እና ምቹ ነው ብዬ አስባለሁ፡፡					
17	በዚህ ኢንሹራንስ አገልግሎት ሰጪ ሰራተኞች ላይ ከፍ ያለ እምነት አለኝ፡፡					
18	የዚህ ኢንሹራንስ ተደራሽነት ከሌሎች ኢሹራንሶች ጋር ሲነጻጸር ከፍ ያለ ነው ብዬ አስባለሁ፡፡					

ክፍል 3: የደንበኞች እርካታ

በዚህ ክፍል ስር የተጠቀሱት ጥያቄዎች በሚጠቀሙበት ኢንሹራንስ የሚቀርበልዎት አገልግሎት ላይ ያሎትን የእርካታ ደረጃ መለካት ነው፡፡ በዚሁ መሰረት ከታች በተዘረዘሩት አረፍተ ነገሮች ላይ ያሎትን የመስማማት ደረጃ ይግለፁ፡፡አባክዎን መልሶን (√) ምልክት ያድርጉ፡፡

ተ. ቁ.	የደንበኞች እርካታ መለኪያ ጥያቄዎች	1	2	3	4	5
19	በብዙ መልኩ የዚህ ኢንሹራንስ አገልግሎት አሰጣጥ ከጠበኩት ጋር ተመሳሳይ ነው፡፡					
20	የዚህ ኢንሹራንስ አገልግሎት አሰጣጥ ሁኔታ እጅግ በጣም ጥሩ ነው፡፡					
21	በዚህ ኢንሹራንስ ባገኘሁት አገልግሎት እርካታ ይሰማኛል፡፡					
22	እስካሁን ድረስ የምፈልጋቸውን አገልግሎቶች እዚህ ኢንሹራንስ በመጣሁባቸው ጊዜያቶች በሙሉ አግኝቻለሁ፡፡					
23	በብዙ መልኩ የዚህ ኢንሹራንስ አገልግሎት አሰጣጥ ከጠበኩት በታች ሆኖ አግኝቼዋለሁ፡፡					

አመሰግናለሁ!!!

Appendix – III: SPSS Analysis Outputs