The Impact of Marketing Mix on Customer Satisfaction
-A Case of MOHA Soft Drinks Industry S.C, Hawassa Millennium Plant

Dereje Alelign, Lecturer, HawassaUniversity, Ethiopia.

Dr.B.V.Prasada Rao, Associate Professor, Wollega University, Ethiopia.

Wako. Geda obse. Lecturer, Adama University, Ethiopia

Abstract

This study is aimed to explore the impact of marketing mix elements (product, price, promotion, and place) on customer satisfaction, by focusing on MOHA Soft Drinks Industry S.C, Hawassa Millennium Plant. The findings show that marketing mix elements have impact on customer satisfaction. All the independent variables are positively and directly related to customer satisfaction. The relationship between marketing mix and customer satisfaction is significant. Therefore, the company should revisit the controllable marketing mix elements to satisfy the customer. And also they are expected to invest more on attracting new customers and retaining the existed ones with regard to marketing mix to increase customer satisfaction.

Key words: Marketing Mix, Product, Price, Promotion, Place, and Customer Satisfaction.

1. Introduction

The ultimate goal of any business establishment is to remain in business profitably through production and sales of products or services. But without customer satisfaction, a business firm cannot survive. Companies can win the competition by doing a better job in order to satisfy the customers' needs and wants and one of the core

activities in a business company to stay in business is adopt at building customers not just building a product (Johansson J, 2000:12). The survival of organizations depends on its customers. Customers are the source of profits to be earned by a profit making organization and the primary reason for being in the operation for not for- profit organizations. Thus, customers are the backbone and lifeline of organizations. 'Often it is said that without customers there is no business' (Dwyer, F.R., (1987:23). Customer satisfaction is a person's feeling of pleasure or disappointment resulting from comparing a product's perceived performance or outcome in relation to his or her expectations (Harker,2009:pp,21). Marketing opportunities are based on identification of customer wants and needs, an understanding of how customers make buying decisions, how they use the goods and services they buy, and their level of commitment to current brands (Anderson and Vince, 2004:85). Marketing managers must think

3. Objectives of the study

The specific objectives of the study are:

about the methods of winning, retaining, in general, satisfying customers from various ways which will lead to organizational success.

2 Significance of the study

The study is crucial for the company, others and researcher on the aspects such as- the company can able to know its customer satisfaction level with regard to the product quality, setting price, promotional and distribution aspects of the factory that will move in parallel with the changing customers' need and wants.; besides, the findings of the study will be used for other similar studies in the future. So, it is expected that this research can contribute a lot to the efforts made by the factory for the fulfillment of customer satisfaction through provision of appropriate product and service to the respected customers. And furthermore, the researcher may acquire knowledge about the way of conducting a research with identified problems, and contributed further explanations for studies on the subject matter.

- To investigate the influence of product on customer satisfaction.

- To determine the influence of price on customer satisfaction.

- To explore the influence of promotion on customer satisfaction.

- To find out the influence of place on customer satisfaction.

4. Research Methodology

Research design

This study employed more of quantitative case study method to answer the research questions and used some qualitative information to know the current conditions of the company with regard to marketing mix and customer satisfaction. This quantitative approach was applied to identify the impact of marketing mix on customer satisfaction. Some qualitative information was gathered from the organization by using semi-structured interview. The related data with questionnaire were collected and analyzed. In this research project a quantitative approach by using the customers' of the company as respondents of the questionnaires. The study was undertaken to examine the impact of marketing mix on customer satisfaction by the customers of the

company. The company has 5 types of customers in Hawassa city with total population of 542 customers, in which 118(Hotels), 148(Groceries), 116(Restaurants), 92(Cafeteria) and 68(Kebeb).

Sample size

The total population of the study is 542, which ranges between 501 and 1200. Based on the above method of sample size determination a sample size of medium which is 80 respondents will be taken a representative to answer the schedules that will be distributed with the help of enumerators. Customers were selected based on simple random sampling and efforts have been made to have representative sample and the results are considered as representative of the population.

Sampling Technique

Stratified sampling technique is applied in order to obtain a representative sample. The reason is the population from which a sample is to be drawn does not constitute a homogeneous group. Under stratified sampling the population is divided into several sub-populations that are individually more homogeneous than

the total population. Since each stratum is more homogeneous than the total population, the researcher is able to get more precise estimates for each stratum.

Under which the sizes of the samples from the different strata are kept proportional to the sizes of the strata. That is, if Pi represents the proportion of population included in

stratum i, and n represents the total sample size, the number of elements selected from stratum i is n. A sample of size $n = 80$ to be drawn from a population of size $N = 542$ which is divided into five strata of size $N1 = 118$, $N2 = 148$, $N3 = 116$, $N4 = 92$ and $N5 = 68$. Adopting proportional allocation, we shall get the sample sizes as under for the different strata:

For strata with $N1 = 118$, we have $n1 = n \cdot P1 = 80\,(118/542) = 17$
For strata with $N2 = 148$, we have $n2 = n \cdot P2 = 80\,(148/542) = 22$
For strata with $N3 = 116$, we have $n3 = n \cdot P3 = 80\,(116/542) = 17$
For strata with $N4 = 92$, we have $n4 = n \cdot P4 = 80\,(92/542) = 14$
For strata with $N5 = 68$, we have $n5 = n \cdot P5 = 80\,(68/542) = 10$

Thus, using proportional allocation, the sample sizes for different strata are 17, 22,17,14,and 10 respectively which is in proportion to the sizes of the strata 118 : 148 : 116: 92: 68 and then the researcher were selected sample items from each stratum using simple random sampling to constitute a representative sample. Questions in part two were assessed by using a five point Lickert scale. Each question of the questionnaire is assigned a number indicating strongly disagree measured as 1, disagree measured as 2, undecided measured as 3, agree

measured as 4, and strongly agree measured as 5. The independent variable is marketing mix and measured by four dimensions such as product, price, promotion, and place/distribution. The dependent variable is customer satisfaction and measured by the feelings of customers towards the company. Regression and correlation models were the other inferential statistical tools used to analyze the collected data. Regression analysis was used to know by how much the independent variable i.e. marketing mix explains or influences the dependent variable

which is customer satisfaction. Correlation analysis also conducted to measure the strength of the association between marketing mix dimensions and customer satisfaction. The results of semi structured interview questions was analyzed qualitatively. Data analysis was performed by using SPSS software version 16.

5. Data Analysis and Discussion

The questionnaire were developed in five scales ranging from one to five; where 1 represents strongly disagree,2 disagree,3 undecided,4 agree and 5 strongly agree.

6. Descriptive analysis

This descriptive analysis is used to look at the data collected and to describe that information. It is used to describe the demographic factors for more clarification.

From the below table 1 information it can be seen clearly about demographic features of the respondents. Majority was under the age group of 36 to 50 years and has Diploma qualification and designated by managers. Majority have monthly income by birr 5000 & above.

Descriptive analysis of product

The mean scale was calculated by dividing, the sum of the products of each scale with the relative frequency, to the total number of respondents. The mean scale has a minimum value of 1 and a maximum value of 5.

The found that the greatest numbers of respondents were 44(55.0%) for ratings agree and recorded mean value bu 3.52 respectively. As per the above table, most of the customers of the company were dissatisfied with the price of the product they paid. About 31(38.8%) of the respondents disagreed with the price of the product they paid and 25(31.2%) even strongly disagreed. This constitutes 70.0% were dissatisfied with this aspect. On the other hand, 15(18.8%) of the respondents were agreed and 8(10.0%) indifferent. And only 1(1.2%) respondents rated strongly agree. Moreover, the mean of the distribution of responses was found to be 2.20, which was closer to the value of 'Disagree'. In this regard, it is clear that the customers of the company were dissatisfied with the price of the product they paid.

Descriptive Analysis of Demographic characteristics of respondents

Table 1: Demographic characteristics of respondents

Descriptions of Respondents	Response		
1) Gender	Frequency	Percent	Cumulative Percent
Male	53	66.2	66.2
Female	27	33.8	100.0
Total	80	100.0	
2) Age(years)			
under 20	1	1.2	1.2
21 to 35	28	35.0	36.2
36 to 50	21	26.2	62.5
51 to 65	17	21.2	83.8
over 65	13	16.2	100.0
Total	80	100.0	
3) Educational level			
1 - 12 Complete	8	10.0	10.0
Certificate	22	27.5	37.5
Diploma	36	45.0	82.5
BA/BSC	10	12.5	95.5
MA/MSC/MBA	4	5.0	100.0
PhD	0	0	
Total	80	100.0	
4) Position			
Senior Manager	19	23.8	23.8
Manager	45	56.2	80.0
Staff	16	20.0	100.0
Total	80	100.0	
5) your monthly income			
Below birr 1000	2	2.5	2.5
birr 1000-2999	17	21.2	23.8
birr 3000-4999	14	17.5	41.2
birr 5000 & above	47	58.8	100.0
Total	80	100.0	

Descriptive analysis of product

Table 2: The factory offer high quality products and Price of product is reasonable

Scale	Factory offer high quality products		Price of product is reasonable	
	Percent	Mean scale	Percent	Mean scale
strongly disagree	1.2		31.2	
Disagree	17.5		38.8	
Undecided	17.5	**3.52**	10.0	
Agree	55.0		18.8	**2.20**
strongly agree	8.8		1.2	
Total(80)	100.0		100.0	

Source: field survey 2013:

Correlation between marketing mix and customer satisfaction

Pearson correlation test was conducted to know the degree of relationship between the independent variable i.e. marketing mix and the dependent variable i.e. customer satisfaction. The results of the correlation between these variables are shown in table 3. As it is indicated in the table there is significant correlation between marketing mix and customer satisfaction. In other words marketing mix and customer satisfaction have high relationship (r=0.769 with p<0.01).

Table 3 Correlation analysis between marketing mix and customer satisfaction

		marketing mix	Customer satisfaction
marketing mix	Pearson Correlation	1	.769[**]
	Sig. (2-tailed)		.000
	N	80	80
Customer satisfaction	Pearson Correlation	.769[**]	1
	Sig. (2-tailed)	.000	
	N	80	80

**. Correlation is significant at the 0.01 level (2-tailed).
Source: field survey 2013

Correlation analyses between product and customer satisfaction

Table 4 shows that Pearson correlation test was also conducted to know the degree of relationship between the independent variable i.e. product and the dependent variable i.e. customer satisfaction. The results of the correlation between these variables are shown in table 4.37. As it is indicated in the table there is significant correlation between product and customers satisfaction. In other words product and customers satisfaction have high relationship ($r=0.547$ with $p<0.01$).

Table 4 Correlation analysis between product variable and customer satisfaction

		product	Customer satisfaction
product	Pearson Correlation	1	.547**
	Sig. (2-tailed)		.000
	N	80	80
Customer satisfaction	Pearson Correlation	.547**	1
	Sig. (2-tailed)	.000	
	N	80	80

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

Correlation analyses between price and customers satisfaction

Pearson correlation test was again conducted for these variables and the results are shown in table 5. As it is indicated in the table, there is significant positive correlation between price dimension and customer satisfaction. In other words price dimension and customer satisfaction are correlated in a high relationship (r=0.546

Table 5 Correlation analysis between price and customers satisfaction

		price	Customer satisfaction
price	Pearson Correlation	1	.546**
	Sig. (2-tailed)		.000
	N	80	80
Customer satisfaction	Pearson Correlation	.546**	1
	Sig. (2-tailed)	.000	
	N	80	80

**. Correlation is significant at the 0.01 level (2tailed).
Source: field survey 2013

Regression analysis

This 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, price, promotion and place) explains the dependent variable that is customer satisfaction. The results of the regression are the following (table 6 and table 7).

Table 6 Regression Analysis results Marketing Mix and customer satisfaction

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.769[a]	.592	.587	.714

a. Predictors: (Constant), marketing mix

Regression analysis of product and customer satisfaction

Table 7 Regression Analysis results product and customer satisfaction

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.547[a]	.299	.290	.935

a. Predictors: (Constant), product

Findings, Conclusions and Recommendations

Based on the Pearson correlation test of correlation results, product dimension positively correlated with customer satisfaction (r = 0.547). Therefore, product has power to determine the customer satisfaction.

The regression analysis of product dimension and customer satisfaction indicates that 29.90% of the variance R square in customer satisfaction has been significantly explained by product.

Price is another element of marketing mix that is taken into

account to explain customer satisfaction. Based on the correlation result as it is shown by Pearson correlation test, price dimension is positively correlated with customer satisfaction. The correlation coefficient between price and customer satisfaction is the third of all correlation results of marketing mix dimensions which is 0.546. As a result, price has power to determine the customer satisfaction.

With regard to the regression analysis of price dimension and customer satisfaction, 29.8% of the variance R square in customer satisfaction is significantly explained by price.

As it is indicated in the correlation analysis, promotion dimension has positive and high relationship with customer satisfaction. The correlation coefficient between promotion and customer satisfaction is 0.590. It is the second highest of all correlation results of marketing mix elements.

The regression analysis result for promotion and customer satisfaction shows that 34.8% of the variance R square in customer satisfaction has been significantly

explained by promotion. It is the second highest of all the independent variables in explaining customer satisfaction.

The last but not the least factor included in the marketing mix underpinnings is place. Based on the correlation result as it is shown by Pearson correlation test, place dimension is positively and highly correlated with customer satisfaction. The correlation coefficient between place and customer satisfaction is the highest of all correlation results of marketing mix dimensions which is 0.671. This shows that place dimension is a major determinant of customer satisfaction and customers will critically evaluate the distribution systems gained from the company. The commitment of the bank will help to retain customers by improving the services of the bank. By having committed and good distribution systems the company can continue retaining existed customers and attracting new customers to generate more profit. To this extent the place dimension of marketing plays great role. Therefore, the company is expected to have product availability and offer the products as they want.

With regard to the regression analysis of place dimension and customer satisfaction, 45.0% of the variance R square in customer satisfaction is significantly explained by place. It is the highest of all the independent variables in explaining customer satisfaction.

The relationship looks like the following.

- Marketing mix and customer satisfaction have high relationship.

- Product dimension and customer satisfaction have high relationship.

- Price dimension and customer satisfaction have high relationship.

- Promotion dimension and customer satisfaction have high relationship.

- Place dimension and customer satisfaction have moderate relationship.

- Age of respondents and monthly incomes of the respondents are in some way positively correlated. The other demographic factors have negative relationship with

customer satisfaction (See Appendix C).

- Although the other marketing mixes have potential for affecting customer's satisfaction, dimensions like place and promotion are more sensitive than others in this research.

On the regression analysis part, it is clearly shown that marketing mix explains customer satisfaction. The regression analysis indicated that 59.2% customer satisfaction is explained by marketing mix. Each independent variable is also regressed against customer satisfaction and the result shows that all the independent variables can explain the dependent variable i.e. customer satisfaction.

The regression analysis result looks like the following.

- ❖ 59.2% of customer satisfaction is significantly explained by marketing mix.

- ❖ 29.9% of customer satisfaction is significantly explained by product.

- ❖ 29.8% of customer satisfaction is significantly explained by price.

- ❖ 34.8% of customer satisfaction is significantly explained by promotion.

- ❖ 45.0% of customer satisfaction is significantly explained by place.

Conclusion

The main purpose of the study was to examine the impact of marketing mix on customer satisfaction in MOHA Soft Drinks Industry S.C, Hawassa Millennium Plant. The marketing mix dimensions that were included in this research are product, price, promotion and place/ distribution. Product, price, promotion and place are not the only the desired outcomes of marketing mix but also the antecedents of customer satisfaction. With regard to the Pearson correlation analysis, it can be clearly seen as that the four marketing mix dimensions namely product, price, promotion and place are positively related to customer satisfaction in company.

Recommendations

In light of the findings and conclusions made above, the following possible recommendations are suggested as being valuable to the company for improving controllable marketing mix elements to assure customer satisfaction.

- ❖ To succeed in business the company has to focus on satisfying its customers and gradually increase the level of its customer's satisfaction through having a clear cut marketing strategies and integrating its various marketing activities. The factory must assure the quality of its products in order to win customers' satisfaction and consequently achieve a competitive advantage and long run survival.

- ❖ By having quality of products it is possible to keep customer from switching to other competitor. Therefore, the company must be well aware of the want and needs of the customers. Once they are satisfied with the products that were provided by the company, they will communicate about products of the company to the other customers.

- ❖ The factory should continue by providing credit on sales in order to encourage customers by satisfying more. During holidays,

purchase of huge (many) products, when there is and cash payment the factory should provide such type of discounts in order to minimize the risk of their customers.

❖ In order to alleviate the problems in the pricing of the products, the factory should set its pricing technique based on the analysis of the customer's perception of the product value. Moreover, the prices has to be set to attract more customers and to increase their level of satisfaction by developing good relationship with suppliers of raw materials to maintain the lowest possible price structure throughout the whole process.

❖ The factory must choose distributors that reach its customers most effectively and other intermediaries that add value to the distributive process. The factory has to do more to expand its local market coverage and increase its market share by selling the products even in rural areas. Thus effective management of the distributive systems delivers the most customer value and satisfaction.

❖ Finally the more customers are satisfied with regard to the 4p's of marketing mix, the higher the rewards for the business. Highly satisfied customers buy additional products overtime as the factory introduces related products or improvements. Thus, MOHA Soft Drinks Industry S.C, Hawassa Millennium Plant should effectively manipulate these marketing mix elements for they strongly determine the long run survival of the factories.

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