



Is Paradigm Shift From Traditional Marketing Mix to Digital Marketing Mix Effects the Organizational Profitability in Ethiopia? A Multivariate Analysis

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Abstract – In the case of Ethiopia, this research paper examines the effect of shift from traditional marketing mix to digital marketing mix on organizational profitability. Descriptive and explanatory study designs were chosen using a qualitative and quantitative research approach. In this study, the researcher selects 396 employees as responders out of 425 employees who have certificates or above in their academic achievements. 20 digital marketing specialists were interviewed to get deep inside of real paradigm shift. The researcher first utilized stratified sampling, then just random sampling. The analysis was carried out utilizing MAXQDA 2020, Meta Essentials and AMOS software and multivariate analysis. Forest plot, funnel plot, moderation analysis was employed by the researchers to check the effect size and publication bias of reviewed literature. The independent variables jointly explained majority of variance in profitability because of mediation of digital transformation. The findings are helpful in pinpointing the crucial elements of the marketing mix, and they will aid in creating a more effective marketing mix. Since the study was only conducted at water Companies in Ethiopia, it is clear from the findings section that the results may not apply to other countries' sides. Hence, future researchers should continue the research in various environments and different geographic places.

Keywords: Marketing mix strategy, Product, Price, Place, Promotion, Digitalization.

1. INTRODUCTION

Globally companies digital envision, design, and put into practice a variety of corporate, business, or functional strategies to achieve a set of organizational goals and objectives. One of the practical ways that current businesses can use to improve performance is the marketing mix strategy (Ibrahim et. al., 2018). A fresh viewpoint on digital marketing can be found in strategic digital thinking. Digital marketing is essential to a company's strategic management strategy (Shaw & Bagozzi, 2018). The digital experience of businesses that are adept at strategic planning shows that marketing failure can obstruct the path to the objectives set by the strategic plan (Wakjira & Kant, 2022).

The objective of this new digitization plan is to introduce technology to Ethiopian society and its economic sectors. The goal of Digital Ethiopia 2025 is to digitize services in traditionally analogue areas including industry and agriculture (Jang & Moutinho, 2019; Wata & Kant, 2022). The strategic three Cs—the consumer, the competition, and the corporation—play a key role in how marketing strategy interacts with a specific



digital environment. Marketing plans are centered on how the business may effectively set itself apart from its rivals while leveraging its unique digital strengths to provide better value to its clients. (Khan et. al., 2019),

It is crucial to remember that creating a decent product or service that satisfies customers' needs and wants is not enough to ensure their satisfaction; as important is how effectively the product or service is presented to them online (Adula et. al., 2022). Some businesses and organizations can do this in one manner or another, but some are more successful than others in the online marketplace (Kant et. al., 2023). Ethiopia's Digital Strategy Inclusive Prosperity was created to offer a shared vision and, more particularly, to achieve the following major goals to put forth a comprehensive digital economy strategy that can accelerate Ethiopia's larger growth vision (Wata & Kant, 2022).

This study's goal was to evaluate how marketing mix techniques affected a company's profitability through the use of a digital platform. This study is anticipated to have a substantial impact on managers' ability to create successful marketing strategies that will help them prosper over the long term.

2. STATEMENT OF THE PROBLEM

Ethiopia's National Digital Payments Strategy (NDPS) 2021-2024 details an ambitious approach on how responsible digitization of payments in the country can drive greater efficiency to payments service delivery, transparency, women's economic participation, financial inclusion, and sustained inclusive growth.

In Maiduguri Metropolitan, Borno State, Nigeria, Bintu (2017) conducted research on the influence of marketing strategy on the profitability of small-scale businesses. Saguti (2018) conducted study on the impact of Tigo Telecommunication Company's marketing strategy (4Ps) on sales results. Results showed that marketing mix had an inverse relationship with sales promotion. Yet, according to Muthengi's (2018) research on the impact of marketing techniques on commercial banks' sales performance, the marketing mix actually improves sales performance. Munyole (2018) conducted study on the marketing methods used by veterinary pharmaceutical companies to boost performance and discovered that these strategies work.

Research by Muthengi (2018) on how marketing methods affect commercial bank sales produced the opposite findings. An investigation into marketing tactics to increase competitiveness was done by Muchohi (2018). The findings showed that marketing tactics and competitiveness have a significant positive association. Although previous researches had emphasized the significance of marketing strategy and showed how it affects an organization's performance. Nevertheless, none of these studies were created with the intention of determining how the four marketing Ps affect a company's profitability.

In their study on marketing strategy and its effects on female consumers' purchasing decisions in connection to cosmetic products, Yang, D. J., and Lee, C. W. (2016) discovered a favorable correlation between marketing strategy tactics and organizational profitability. One of the key components of a marketing plan is sales promotion. The 2019 study by Khan et al. examines the effects of different marketing strategies and how they affect organizational profitability. They discovered a favorable relationship between marketing strategies and organizational profitability.

Ibrahim et al. (2018) conducted research on the marketing approach utilized to reach consumers at enticing costs without actually telling them what was being said in order to produce sales and profit. This study discovered a beneficial relationship between marketing tactics and business success. The descriptive study methodology was employed in Paguntalan's (2020) research to determine how marketing strategy tactics affected organizational profitability. This study shown that while organizational profitability was initially

favorably impacted by marketing plan tactics, this impact changed with time and became negative. An inverted U-shaped relationship was evident. According to Liu et. al. study from 2020, marketing plan tactics were inversely associated to consumers' buying patterns. According to Shaw, Bagozz, and their 2018 study, marketing strategy strategies have a bad relationship with rational choice explanations for organizational profitability. Consumer impressions and eventually a marketing plan's performance can be significantly impacted by marketing strategy. Jang and Moutinho (2019) investigated the relationship between price promotion and real customer expenditure.

Promotional pricing has a detrimental impact on consumer spending. Hence, it was discovered that the balanced preference attributions of organizational profitability and marketing strategy strategies had a negative correlation. Thus, studies on the impact of marketing strategy tactics on organizational profitability have produced inconsistent data. In order to close this evidence gap, the researcher wants to carry out the current study.

Additionally, while the majority of these studies concentrated on the effect of marketing strategies on the sales performance, competitiveness, and profitability of businesses in the banking industry, telecommunications industry, etc., none, as far as the researcher is aware, had specifically looked at this effect with reference to the bottled water industry in Ethiopia, resulting in a research gap. Based on the aforementioned, this study aims to investigate the effect of marketing mix strategy on firms' profitability with particular reference to Ethiopia's digitalization.

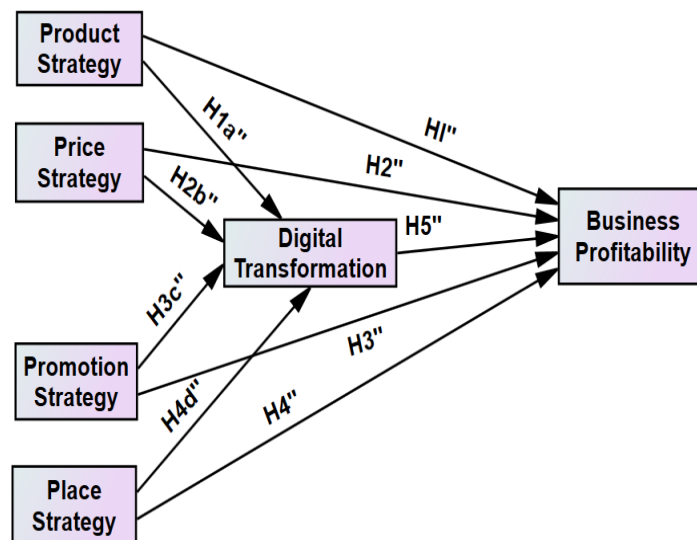


Fig -1: Researchers own model (2023)

3. META ANALYSIS: EFFECT SIZE OF REVIEWED LITERATURE

A quantitative, formal, epidemiological study method known as a "meta-analysis" was used by the researchers to carefully evaluate the findings of earlier research in order to draw conclusions about that body of work. The study was typically based on randomized, controlled experimental trials.

Table -1: Effect Size of Reviewed Literature

Study name	r	CI L	CI U	Wt. %
Wakjira & Kant (2022)	.7	.5	.9	6.6
Kant et. al., (2022)	.3	.1	.4	7.5
Kant & Adula (2022)	.8	.4	1.2	3.3
Dereso & Kant (2022)	.6	.5	0.6	9.2
Saguti (2018)	.7	.6	0.7	9.5
Muthengi (2018)	.4	.3	0.5	8.6
Muchohi (2018)	.9	.8	0.9	9.7
Yang & Lee (2016)	.3	.1	0.4	7.3
Ibrahim et. al, (2018)	.8	.7	0.8	9.5
Adula et. al. 2022	.7	.6	0.7	9.3
Paguntalan (2020)	.8	.7	0.8	9.5
Liu et. al., (2020)	.7	.6	0.7	9.5

Source: Meta Essential Output (2023)

A rigorous secondary qualitative study of initial qualitative findings was attempted by the researchers through qualitative meta-analysis. Its goal was to discussed, which is to give a more thorough explanation of a phenomenon and an evaluation of how the reviewed study approach affected the conclusions. Through Meta analysis researchers founded that the effect size of previous total 12 related reviewed literature was positive and significant in nature because partial correlation of all 12 studies were between 0.30 to 0.80.

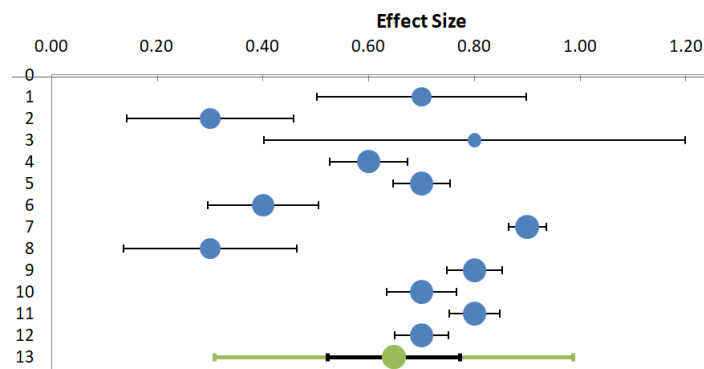


Fig -2: Forest Plot

Source: Meta Essential Output (2023)

A suitable graphical representation of the results of a meta-analysis is a forest plot. It gives us crucial details that help us comprehend the findings. An individual study was represented as a single horizontal line on a forest plot, with the result plotted as a box and the result's 95% confidence interval shown as the line. Depending on the statistic being utilised, each study that falls on one side of the vertical line or the other has different implications

Table -2: Meta-analysis model

Table 2: Meta-analysis model	
Model	Random effects model
Combined Effect Size	
Partial Correlation	0.65
Z-value	11.33
One-tailed p-value	0.000
Number of incl. studies	12
Heterogeneity	
I²	94.70%

Source: Meta Essential Output (2023)

The plot's lower line was where more details could be obtained. The level of statistical significance was shown by the p-value. The p-value in this situation is typically 0.05. Combined effect size was 0.65 which showed that effect size of all 12 reviewed studies lies between moderate to high. One-tailed p-value was also less than 0.05. I² was 94.70 %, which depicted a high heterogeneity among the used 12 literature.

I² represented the degree of heterogeneity. It accepts values between 0% and 100%. Studies are regarded as homogeneous and can utilise a fixed effect model of meta-analysis if I² < 50%. The heterogeneity is substantial if I² > 50%, hence researchers adopted a random effect model for their meta-analysis. This time, high heterogeneity was established.

4. REGRESSION OF MODERATOR ON CORRELATION

The hypothesis that variations in impact sizes between studies are related to variations in study designs or participants was tested by researchers. Hence, Researchers already had these concepts in mind when they included these study features in our coding forms. Categorical models similar to ANOVA and meta regression are the two main types of moderator analyses in meta-analysis.

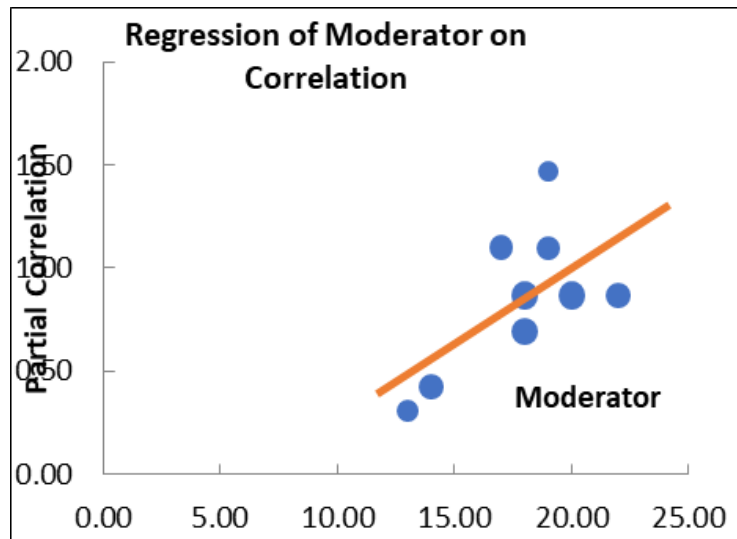


Fig -3: Regression of Moderator on Correlation
Source: Meta Essential Output (2023)

Researchers evaluated whether the variance component for the variation among the random effects means is equal to zero in order to test between-group differences in a random effects model. This value can be attained in a variety of ways. Researchers employed a test to determine whether the three group means were homogeneous, and then considered the results of the three group means as a meta-analysis.

Table -3: Moderator Intercept

	B	SE	β	Z	p
Intercept	-0.47	0.63		-0.75	0.455
Moderator	0.07	0.04	0.62	2.10	0.036

Source: Meta Essential Output (2023)

The z-test was used in a conventional regression analysis to determine which regression coefficients are substantially different from zero. These statistically significant regression coefficients showed that these factors are linked to the result.

5. PUBLICATION BIAS

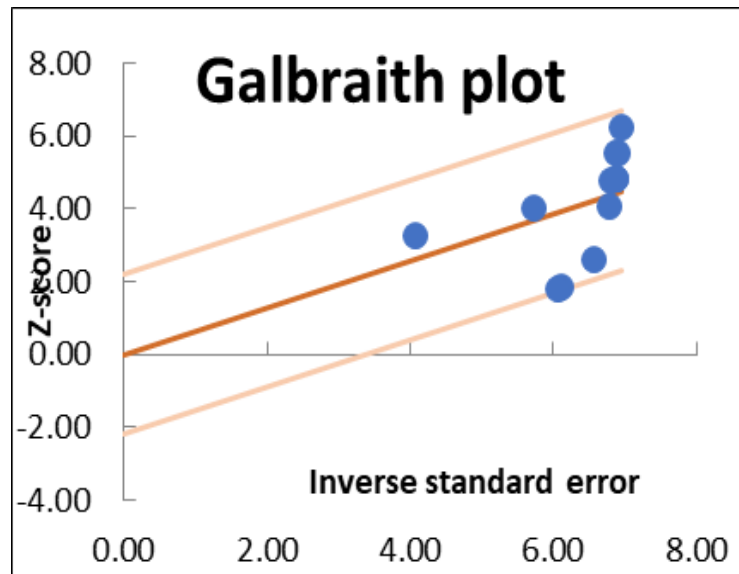


Fig -4: Galbraith plot
Source: Meta Essential Output (2023)

Galbraith plots are a visual way to tell your meta-Analysis. It also allows us to analyze the variation in effect sizes. They include details on the overall effect size, the precisions of the study-specific effect sizes, and the identification of probable outliers. No outlier was detected by the researchers. Also all 12 studies lied with in upper and lower bound. So, no publication bias was detected by the researchers.

Table -4: Quantile Analysis

Study	Inverse Std Error	Z-score	Normal Quantile	Sample Quantile
Wakjira & Kant	5.74	4.01	-0.31	4.01
Kant et. al.	6.11	1.83	-1.10	1.83
Kant & Adula	4.07	3.26	-0.53	3.26
Dereso & Kant	6.77	4.06	-0.10	4.06
Saguti	6.87	4.81	0.31	4.81
Muthengi	6.56	2.63	-0.79	2.63
Muchohi	6.95	6.25	1.61	6.25
Yang & Lee	6.06	1.82	-1.61	1.82
Ibrahim et. al.	6.88	5.51	0.79	5.51

Adula et. al.	6.81	4.77	0.10	4.77
Paguntalan	6.90	5.52	1.10	5.52
Liu et. al.	6.89	4.82	0.53	4.82

Source: Meta Essential Output (2023)

All 12 studies Sample Quantile lied with in upper and lower bound. So, no publication bias was detected by the researchers. Z–score was also found acceptable for all 12 studies. Therefore a regularly distributed random effect size model was framed on based on used literature. Consequently, no publication bias was detected by the researchers.

Table –5: Regression Estimate

	Estimate	SE	CI LL	CI UL
Intercept	0.00			
Slope	0.65	0.06	0.52	0.77

Source: Meta Essential Output (2023)

Intercept with intercept (coefficients b_0 b_0) was estimated (average) with log risk ratio for alternating allocation. In linear regression, the regression slope intercept is utilized. The regression equation $y' = b_0 + b_1x$, where "b0" is the y–intercept and "b1x" is the slope, is actually just an algebraic version of the regression slope intercept formula, $b_0 = y - b_1 * x$. and it founded with a slope value of 0.69, indicated no publication bias.

6. STRUCTURE EQUATION MODEL

Systematic studies are using structural equation modelling (SEM), a potent multivariate approach, more frequently to investigate and assess multivariate causal linkages. Since SEMs test the direct and indirect impacts on hypothesized causal linkages, they differ from other modelling methodologies.

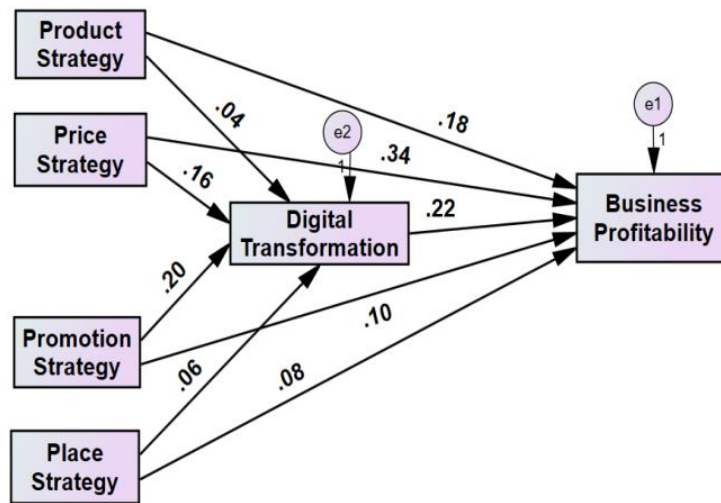


Fig -5: structural equation modelling
Source: AMOS Output (2023)

Table -6: Model Fitness Index

Acronym	Explication	Accepted fit	Result
Likelihood Ratio	P-value	≥ 0.05	0.08
Relative X2	(X2/df)	≤ 2	1.789
CMIN/DF	Chi-square divided by Degree of Freedom	≤ 3 = acceptable fit	1.992
GFI	Goodness of Fit Index	≥ 0.90	0.92
AGFI	Adjusted Goodness of Fit Index	≥ 0.90 = acceptable fit	0.92
CFI	Comparative Fit Index	≥ 0.95 = excellent	0.93
RMSEA	Root Mean Square Error of Approx.	≤ 0.05 = reasonable fit	0.041
RMR	Root Mean Squared Residual	≤ 0.05 = acceptable fit	

			0.052
SRMR	Std. Root Mean Squared Residual	$\leq 0.05 =$ acceptable fit	0.034
CN	Critical N	≥ 2021	248

Source: AMOS output (2023)

The model fit sheet provides a summary of the SEM model fitness results together with their accepted values, as seen in the table above. When researchers compared the SEM model fit indices with the standardized values, they found that Chi-Square (CMIN), Goodness of Fit Index (GFI), Baseline Comparisons in Model Fit, Parsimony- Adjusted Measures, Root Mean Square Error of Approximation (RMSEA), Standardized Root Mean Squared Residual, Comparative Fit Index, and Critical N were all below the acceptance range and represented the model fitness. Partial mediation, with a value of 39.84, was thus discovered.

Also, there is a substantial and positive but week correlation between the marketing mix and digital transformation as well as between the latter and corporate profitability. Additionally, the relationship between marketing mix and business profitability at the level of fundamental variables and their dimensions for raising awareness of the significance of digital transformation in various institutions is partially mediated (direct and indirect) by digital transformation and its dimensions (setting strategy, building culture, managing field operations). This demonstrates the challenges Ethiopian businesses are facing as they undergo a digital transition in light of the recession.

7. INTERVIEW INTERPRETATION: QUALITATIVE ANALYSIS

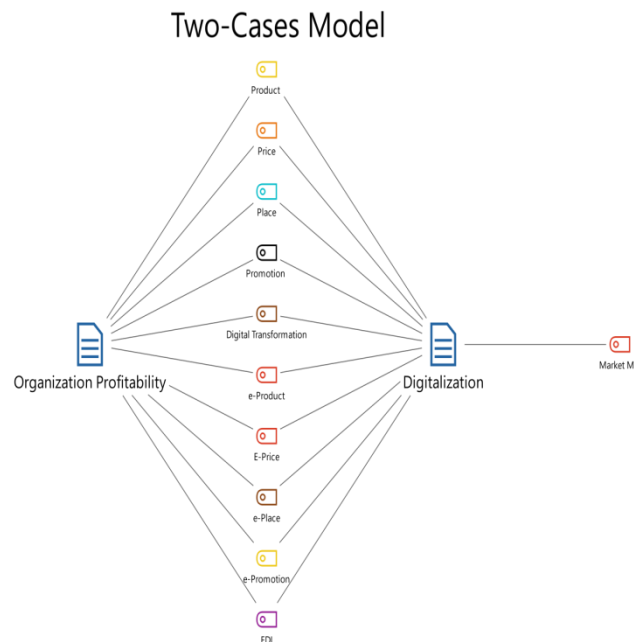


Fig -6: Two Cases Model
Source: MAXQDA Output (2023)



8. PSYCHOANALYTICAL INTERPRETATION: DIGITAL MANAGERS RESPONSES

The teams you supervise will leverage agile, data-driven, and digital solutions to address the human variables that affect an organization's ability to accomplish its strategic goals. A complete makeover is what digital transformation is. It requires incorporating digital technology into essentially every aspect of an organisation, its administrative processes, and its culture. The process is also moving more quickly. The adoption of digital transformation alters how a company operates and communicates with partners and customers. IT teams struggle mightily to keep up with a digital transformation, but doing so is crucial for any company to remain competitive. There is no overarching plan for digital transformation. You can create your own plan, but in today's data-driven economy, the roles and responsibilities of a digital transformation manager might be more important than ever. The manager of the digital transformation must be skilled at project management, have familiarity with modern business organisations, and, of course, be skilled at change management. It's a challenging job that necessitates a variety of skills. They must possess both technical and soft abilities, such as the capacity to communicate, motivate, build a collaborative work environment, and comprehend and assess business processes. They must be flexible, but they also need to comprehend the business environment and be able to identify shift signs. Finally, they ought to be powerful in attaining the objectives.

The digital transformation manager often comes from the ICT department (perhaps serving as CTO or CDO), but they can also come from consulting, marketing, or business development because it is not just a technical position. They must, of course, be able to read, comprehend, and relate the most recent technological developments to the organization's actual processes, cultural models, and infrastructures. Examples of these developments include big data, artificial intelligence and machine learning, the internet of things, and cyber security.

The learning opportunities available to employees are numerous and include things like certification programmes, digital marketing, digital transformation, marketing, and more. The best way to acquire skills and knowledge relevant to a certain career is through certification, which has become more popular in recent years. Moreover, certificate programmes are the simplest way to obtain a competitive advantage over others. Given the rising demand for managers of digital transformation, enrolling in the exclusive data transformation courses offered online by Emeritus India would give you a great opportunity to advance your career.

9. CONCLUSIONS

A successful product launch takes months of preparation. An idea sparks a design, which leads to the creation of the finished good or service, but it is just the start of the process. A talented marketing staff is required to comprehend the product's market, potential buyers, and how to reach them once it is ready for sale. In order to maximize exposure and profits, the team must also take the company's advertising budget into account and decide how to best use videos, static ads, and other product placement. The manner that marketing professionals carry out their work was altered the marketing metaphor because of digital media. Conventional marketing strategies are being supplanted by a variety of new revenue stream alternatives, each with its own set of difficulties. The original Four Ps of marketing has been modified into the Four Ps of Digital Transformation. Four easily accessible components—People, Process, Platform, and Product—reduce the complexity of digital transformation. The mediation of digital media had fundamentally changed how marketing specialists carry out their work. The old marketing mix has been significantly disrupted by new revenue streams, changing media usage, and customers who are frequently tired of advertisements. Without a thorough understanding of digital media, including the ins and outs of social media, virtual reality, and



podcasting, to name just a few cutting-edge digital media trends, it is impossible to enter the marketing or advertising industries. Many digital streams feature ad blockers or let users choose not to see particular commercials. Notwithstanding these challenges, businesses must design strategies for advertising. Customers can voice their grievances to hundreds or thousands of friends or followers on social media, especially, and communicate directly with brand officials on a variety of platforms. Marketing agents analyze how their social media specialists handle customer care inquiries, because unpleasant experiences can greatly damage the success of a product, service, or brand. Social media influencers, or those with thousands or millions of followers on social media sites like YouTube, Twitter, or Instagram, are used by advertisers. An influencer can generate quick direct sales in a target market by being compensated to promote or suggest a business.

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