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EFFECT OF MARKETING MIX ON RELATIONSHIP BETWEEN MOBILE CUSTOMER SATISFACTION AND LOYALTY: IN THE CASE OF ETHIOPIAN TELECOMMUNICATION CORPORATION EASTERN REGION

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Abstract

Marketing is a critical issue in the twenty-first century when it comes to globalisation and throat-cutting competition. mix is one of the fundamental areas of the discipline to be investigated. Hence, the study aims at examining the effect of marketing mix on the relationship between customer satisfaction and loyalty in the case of Ethiopian Telecommunication Corporation's Eastern region, focusing on mobile phone customers. The research used structural equation model analysis to test the magnitude impact shown by the path coefficient. The researcher also used 344 usable questionnaires with a response rate of 91.7%. Based on the analysis, the critical ratios for three hypotheses ($H_1 = 9.318$, $H_2 = 8.955$, and $H_3 = 6.426$, respectively) were above the recommended level and the P-value was less than 0.01. Hypotheses 1 and 2, which stated that marketing mix has a positive effect on customer satisfaction and loyalty, were supported, besides hypothesis 3, which stated customer satisfaction has a positive effect on customer loyalty, was also supported. Generally, the effect of the marketing mix (product, price, place, and promotion) had a significant effect on both customer satisfaction and loyalty in the case of Ethiopian Telecommunication Corporation Eastern Region. Besides the mediating variable customer satisfaction has a significant effect on customer loyalty.

Keywords: Competition, Customer Loyalty, Customer Satisfaction, Globalization and Marketing Mix.

1. Introduction

As far as globalisation is concerned, business competition has become bottlenecked. The marketing mix and customer behaviour are two areas that bring unlimited fascination. In the 21st century world of technology, choosing a technology company for research could be reasonable in contributing to the development of human knowledge as well as practical aspects.

Marketing is changing to meet the changing world's needs. It is the business activity that identifies an organization's customer needs and wants, determines which target markets it can best serve, and designs appropriate products, services, and programmes to serve these markets (Rad, H.S., Akbari, Z., 2012). Besides, marketing is much more than an isolated business function—it is a philosophy that guides the entire organization (Kotler; Armstrong ,1999): The global business environment, nowadays, is becoming more chaotic, competitive, complex, and unpredictable. Companies should work hard on their marketing mix and thereby maintain their customers' satisfaction (Doherty, N., Delener, N., 2001).

Effective marketing mix management enables marketers to create a combination of elements that will enable them to wisely manage the company's budget in order to achieve the desired objectives. Companies that strive to operate effectively and achieve their goals have to pay well to control all elements of the marketing mix (W., Ria, 2011). In order to achieve the best result, it is not enough to use only one or a few elements. The formation of the marketing mix elements requires taking into account the characteristics of each element so that they can be aligned with each other as well as other areas of the discipline (Rahnama, R., Beiki, H., A., 2013).

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 a good or service over time (Fornell, J. et al., 1996). With marketing, customer satisfaction also comes along with it, which means it ascertains the customer's expectations 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, R., L., 1999).

Moreover, customer satisfaction at the highest level can be confirmed by brand loyalty. Customer Loyalty implies that a customer's involvement in a product class is directly related to his/her commitment to a brand within a product class, (Traylor, M., B., 1983). A product class that is more closely related to one's ego or sense of identity will result in a stronger psychological attachment to a favoured brand. In a low-involvement case, the customer's consideration set will be much larger, resulting in lower loyalty or commitment to a particular brand.

Customer satisfaction is directly influenced by service quality, product quality, and value for money (V., Kumar, A., J., Petersen, 2012). Prior to obtaining client happiness, employee satisfaction is equally crucial. Employees that have a favourable



influence on customers can play a significant role in increasing customer satisfaction. Satisfaction is a fluid, changing aim that can change over time as a result of a variety of things. Satisfaction can be significantly variable depending on the point in the usage or experience cycle one is focusing on, especially when product usage or service experience occurs across time (C., Lovelock , L.Wright, 2007).

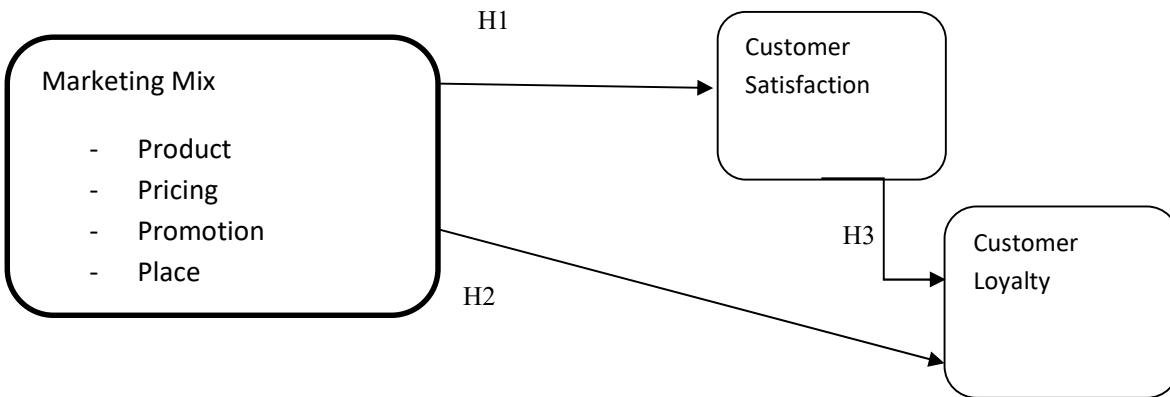
Customer loyalty refers to a customer's continued trust or dedication to a supplier based on particular criteria, despite the fact that customers have other options. Kotler and colleagues (1999) stated that it is not necessary for the customer's product to always be the best. Unexpected flaws in items may develop from time to time, and there may be issues with the supplier's product supply (Management Study Guide ,2008).

Furthermore, in the research context, Ethiopian Telecommunication Corporation product or service alternatives have been increasing, raising production or service for demand of new markets to meet customer needs and amendments for existing and future demand (Bogale, W. ,2017). Ethiopian Telecommunication Corporation has been discovered to have a company strategy and policy in place, but no marketing strategy. Numerous marketing and client service groups were found to have been duplicating their activities (Temesgen Z., et al., 2009). The company has a responsibility to comprehend the requirements and desires of its customers and to meet those needs and desires by providing the essential services in an efficient and accurate manner. However, it has been found that some services, such as internet, data, and value-added services, are underutilised. The company, on the other hand, is unable to meet the needs of mobile customers (Temesgen Z., et al., 2009).

Despite the fact that little research on Ethio-telecom marketing activities has been completed, they were primarily focused on marketing tactics. There has been no research done on the relationship between marketing mix and customer happiness and brand loyalty. This study differs from the other studies that have been conducted on this company in terms of methodology (Temesgen Z. et al., 2009; T., Lakew, 2021).

2.4 Conceptual Framework

The marketing mix consists of product, price, place, and promotion. Meanwhile, the dependent variable reflects the outcome of the research study, which is customer loyalty, and the mediating effect is customer satisfaction. Those elements are used as the study setting in investigating the relationship among marketing mix, customer satisfaction, and customer loyalty as illustrated below: Figure-1



Hypotheses

Based on the review of the related literature, the following research hypotheses have been developed as follows:

- Ho1- Marketing mix has no positive relationship with customer satisfaction.
- Ha1 – Marketing mix has positive relationship with customer satisfaction.
- Ho2- Marketing mix has no positive relationship with Customer loyalty.
- Ha2 – Marketing mix has positive relationship with Customer loyalty.
- Ho3- Customer satisfaction has positive relationship with Customer loyalty.
- Ha3- Customer satisfaction has positive relationship with Customer loyalty.

DOI: <http://ijmer.in.doi./2022/11.03.85>

2. Materials and Methods

3.1 Methods

The data for this study came from questionnaire responses from Ethiopian Telecommunication corporation's mobile customers who were receiving service. Because there were no disparities between target respondents, 375 questionnaires were dispersed using simple random sampling. A total of 344 questionnaires were collected, with a response rate of 91.7 percent.

The information was gathered using a 5-point Likert scale questionnaire. A SEM model with a multilevel link between the intervening variables was applied. As a result, structural equation modelling (SEM) was applied, specifically path analysis. This model was used to determine the magnitude of the path coefficient's impact on each path. All of the assumptions for analysing three hypotheses' tests using structural equation modelling were met. The marketing mix (product, pricing, location, and promotion), customer satisfaction, and customer loyalty were all included in the questionnaire. From previous study, a total of 28 observable factors were adapted and adjusted (Bernandus & et-al, 2018; Lailatul Faizah & et-al, 2016; Niharika, 2015 and B.T.Thieu& et-al, 2017).

3.2 Reliability and Validity

Table1-Reliability and Factor Loading Summary

Variable	Measurement Scale	No. of Items	Cronbach alpha(α)	Factor loading
Marketing mix	Product	4	.883	.756
	Price	3		.796
	Place	3		.711
	Promotion	4		.750
Customer Satisfaction	Brand Image	2		.782
	Value Perception	2		.771
	Quality Expectation	2		.860
	Quality Perception	2		.861
	Customer Complaint	2		.703
Customer Loyalty	Recommend to some one	1		.720
	Continue to shop	1		.753
	Emotionally attached to this brand	1		.760
	Feel satisfied when shopping this brand	1		.688

The reliability measures were assessed by scale reliability analysis. The Cronbach alpha value was 0.883 for all the items. Compared to the acceptance level of 0.7 for empirical research, the observed scale reliability was high and indicated that the items for each scale were internally consistent and reliable. EFA results show that factor loadings for each item are in a good range for acceptance. The rotated factor matrix shows that all items are loaded onto the correct latent constructs. Therefore, the factorial validity of the scales can be taken for granted.

4. Results and Discussion

4.1 Results

4.1.2 Respondents' Profile

s.no.	Items	Alternatives	Frequency	Percent
1	Age	20&below years	35	10
		21-30 years	153	44.5
		30-40 years	96	28
		>40 years	60	17.5
		Total	344	100
2	Sex	Male	198	57.5
		Female	146	42.5

		Total	344	100
3	Educational Background	Diploma (10+4) & below	89	25.9
		First degree	222	64.5
		PG and above	33	9.6
		Total	344	100
4	Employment Status	Self employed	117	34
		Gov't Employees	55	16
		Students	172	50
		Total	344	100

Based on the responses collected from mobile phone customers, those 20 & below years old were only 10%, while 21 to 30 years old were 44.5%, those 30–40 years old were 28%, and those over 40 years old were 17.5%. This shows that more than 80% of the mobile phone holders were age below 40. Besides, the sex of the respondents was male (57.5%) and female (42.5%). The educational background of the respondents was only 25.9% diploma and below, 64.5% were first degrees, and 9% were second degrees and above.

Furthermore, 34% of respondents were self-employed, while 16% worked for the government. On the other hand, over 50% of the respondents were students.

4.1.3 Model Analysis Result

Factor	X ²	DF	P	GFI	AGFI	CFI	RMSEA	AVE
Marketing mix	1.941	4	0.000	0.993	0.962	0.983	0.059	0.56
Customer Satisfaction	1.956	2	0.001	0.991	0.964	0.993	0.051	0.62
Customer Loyalty	1.325	3	0.000	0.947	0.956	0.992	0.052	0.54

	Structural path (Standardized regression weight)		Coeffici	SE.	CR	P
			ent (β)			
H1	Customer Satisfaction ← marketing mix	0.892	0.083	9.318	0.000**	
H2	Customer Satisfaction ← marketing mix	0.383	0.088	8.955	0.001*	
H3	Customer loyalty ← Customer Satisfaction	0.635	0.065	6.426	0.000**	

P*<0.05 P** <0.00

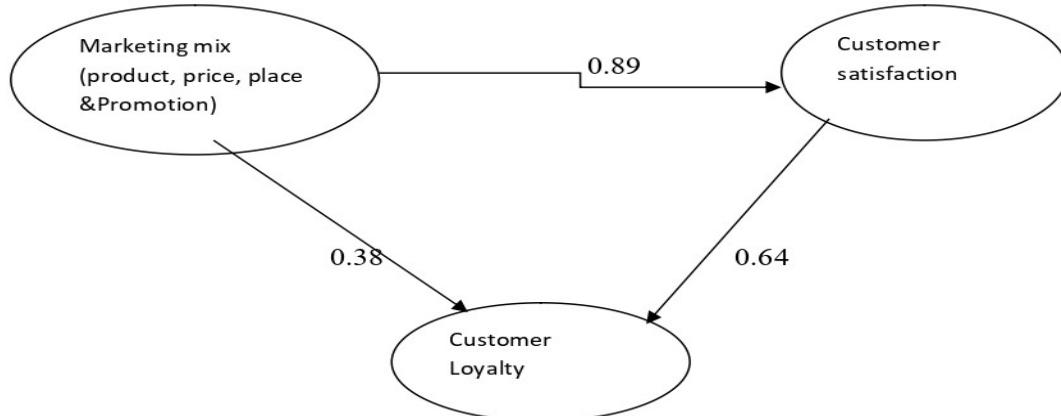


Figure-2. Result of Structural Equation Modeling



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So as to test the hypothesis, a structural model is run. The result revealed that the data perfectly fits the model. This shows that marketing mix as an exogenous variable had a significant contribution to the prediction of customer satisfaction and customer loyalty. The critical ratio is above the recommended level and the P-value is less than 0.01 ($\beta_1 = 0.892$, CR1 = 9.318; $\beta_2 = 0.383$, CR2 = 8.955; $\beta_3 = 0.66$, CR3 = 6.426). Hypotheses 1 (marketing mix → customer satisfaction) and 2 (marketing mix → customer loyalty) are supported. In other words, null hypotheses have been rejected. Furthermore, this implies that components like product, pricing, location, and promotion have a substantial impact on customer happiness and loyalty. The quality and features of a product are highly valued by customers. Client satisfaction and emotional attachment to the Ethiopian Telecommunication Corporation's brand are heavily influenced by pricing, distribution, and promotion activities. Furthermore, Hypothesis 3 (Customer Satisfaction → Customer Loyalty), which asserts that customer experience has a positive effect on brand loyalty based on the structural model, is substantiated because the Critical Ratio (CR) is higher than the standard level (P-value < 0.01). As a result, the research backs up the powerful connection between mobile consumer pleasure and brand loyalty.

4.2 Discussions

According to the study, the marketing mix (product, price, promotion, and location) has an impact on consumer loyalty. The product comes first in terms of effect level, followed by price and location. As a result, because loyalty is the assessment of a customer's attachment to a brand, the product attributes had the greatest impact on consumer attachment to the Ethiopian Telecommunication Corporation brand in this study, followed by the price established for the product. Product qualities, according to Kotler and Armstrong (2006), include quality, durability, convenience, product lines, and value. All of which are relevant and can lead to customer satisfaction, which in turn gives rise to customer loyalty.

The findings show that the marketing mix includes products, pricing, location, and promotion, all of which have an impact on consumer loyalty. This is evidenced by the critical value (CR) of the link between those factors and customer loyalty, which is above the required level with a P-value of 0.000 & 0.001. For each component of the marketing mix, the relationship between client loyalty and each component is positive. This finding is comparable to that of Bernandus et al. (2018), who discovered that all aspects of the marketing mix had a considerable impact on consumer loyalty.

Moreover, the effects of the marketing mix, such as product, price, promotion, and place, on customer satisfaction are simultaneous and significant. Based on their effect level, price is the first, product is the second, and place and promotion are the next. In addition, the critical value (CR) is above the recommended level and the P-level is 0.001. In this context, the price set for Ethiopian Telecommunication Corporation's Eastern region plays a paramount role in shaping customer satisfaction as compared to other marketing mix elements. The study entails that all the marketing mix elements have significantly affected customer satisfaction and their relationships positively. The result of this study is similar previous literatures reviewed, with the effect of promotion and place on customer satisfaction being significant, while other elements are not.

Based on the results indicated, customer satisfaction also has a significant effect on customer loyalty. This implies that once Ethio-Telecom has worked hard on customer satisfaction through improving marketing mix elements, customer brand loyalty can be maintained.

Conclusion

Marketing mix elements are quite fundamental areas to be concerned about and studied. Ethiopian This study aimed at examining the effect of marketing mix elements on the relationship between mobile customer satisfaction and loyalty in the case of Ethiopian Telecommunication Corporation, Eastern Region of Ethiopia. This paper focused on the eastern region of Ethio-Telecom mobile customers; however, because mobile customers are not limited to a single region, generalisation to Ethiopia as a whole may be difficult. Further researchers should dig out the whole country's context and generate inferences for top-level policy decisions. Meanwhile, the supported hypothesis that had the same result as that of other similar research outputs should be considered. The company should cascade its strategies to the grass root level to end users and know exactly what their needs are, building a unique image in their minds and retaining them through sustaining their satisfaction. Nowadays, new global competitors like Safaricom have entered the Ethiopian market, so competition could be stiff and Ethio-Telecom should work hard to create competitive advantages. Therefore, the study endeavours to make a contribution to the company's policy-making directions as well as theoretical literature and implications for future research. The findings of this study will assist the Ethiopian Telecommunication Corporation Eastern Region in policy decisions and strategy design, as well as researchers and marketing practitioners in decisions and knowledge toward improving customer satisfaction and customer loyalty.



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DOI: <http://ijmer.in.doi./2022/11.03.85>

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