

**AN EMPIRICAL RELATIONSHIP BETWEEN MARKETING
STRATEGIES AND PROFITABILITY OF BUSINESS**

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INTRODUCTION

Consumers are the ultimate source of revenue for companies and it is vital to understand consumers in order to gain a competitive advantage in the market. Researchers and practitioners have been delving into the study of consumer behavior for a very long time (Zhang & Zhang 2007). Consumers are connected in numerous ways that were not available before. Internet plays a vital role by connecting consumers through social networking sites, blogs, wikis, recommendations sites, etc. (Hennig-Thurau et al. 2010; Wuyts et al. 2010). The

connections between the individuals represent one individual's attention to the other. Some actors selectively pay attention to other actors, while in some cases everybody pays attention to one person's opinion, for instance, a strong public figure (Lazer 2003).

Small and medium enterprises (SMEs) are the engine of economy growth and development globally, India inclusive. By their very nature, SMEs constitute the most viable and veritable vehicle for self-sustaining industrial development (Oyebamiji, Kareem and Ayeni. 2013). SMEs in developing countries, like India are struggling to survive under intense competitive environments both domestic and international. . These challenges could be as a result of perceived ineffective marketing strategy which is having negative effect on the organization's performance, product quality, customer satisfaction and profitability.

The company is not able to relate to all its customers in the market are large, spacious, or diverse. They divide into groups of consumers or market segments with different needs and desires. Then the company should identify which market segment can be served effectively. Kotler & Keller (2012) dan Levy & Grewal (2008) stated that an effective marketing requires marketers to: identify and determine the profile of various groups of the buyers who have needs and preferences different (segmentation/ market segmentation), choose one or more segments market should go in the determination of market.

Each segment of the target market determine and communicate many benefits market offering company (positioning/ market positioning). Cravens (2009) stated that the process of market segmentation (segmenting dealing with a number of activities and decisions. It determination of the market that will be defining segmented the market to be), identify market segments, the formation of market segments (forming market segments), segmentation (find strategy approach of various strategies segmentation), selecting election strategy and the segmentation (segmentation strategy).

Cravens (2009) dan Kotler & Keller (2012) stated that the determination of target market (market targeting) is an activity that is carried out after we can perform segmentation of all different market potential, then the company must decide what kind of and how many segments that will be targeted. Target market (target market) consists of a number of buyers who share my needs and characteristics that will be served by the company. The process of selection of the segment we are going to offer our products and services are known by the term targeting. The company can choose a covering market as follows: full market coverage, multiple segment specialization, single segment concentration, and ethical choice of market targets).

In order to measure marketing strategy effectiveness, a business has to break down its marketing function into constituent parts, along with a mechanism through which to analyse the interaction between those parts. By doing this, decision-makers will finally be in a position to relate marketing expenses to shareholder value and to understand how to tie marketing initiatives back into the value creator to the company.

REVIEW OF LITERATURE

N. Chiliya et al (2009) The impact of marketing strategies on profitability of small grocery shops in South African townships. *African Journal of Business Management* Vol.3 (3), pp.070-079, March, 2009. The study argues that a complete “paradigm shift” in the grocery shop business sector is necessary. This will result in interventions which improve the quality of strategic marketing decisions and consequently profitability of the grocery shops. Due to the lack of a model available on how marketing strategy affects the profitability of grocery shops, a comprehensive literature search was done and norms of marketing strategies were developed and subsequently used to benchmark the practices of grocery shops in Mdantsane, East London. The grocery shop owners or managers were asked their manipulation of the marketing mix variables in their effort to attain profitability. A total of 36 grocery shops were examined within the context of the research framework.

Cigdem Karakaya, Bertan Badur and Can Aytakin(2013). Analyzing the Effectiveness of Marketing Strategies in the Presence of Word of Mouth: Agent-Based Modeling Approach. *IBIMA Publishing Journal of Marketing Research and Case Studies* <http://www.ibimapublishing.com/journals/JMRCS/jmracs.html> Vol. 2011 (2011), Article ID 421059. Consumer purchasing decision making has been of great interest to researchers and practitioners for improving strategic marketing policies and gaining a competitive advantage in the market. Traditional market models generally concentrate on single individuals rather than taking social interactions into account. However, individuals are tied to one another with invisible bonds and the influence an individual receives from others, affects her purchasing decision which is known as word of mouth (WOM) effect. In this process, some people have greater influence on other consumers' buying decisions that are known as opinion leaders. In particular, we will try to assess the efficiency and profitability of different marketing strategies consisting of different price, promotion, quality levels and different number of targeted opinion leaders where consumers are subject to WOM effects . In the presence of WOM, product's

quality is found to be the most significant factor affecting the profit of the company due to the positive WOM effect disseminated by the consumers.

GbolagadeAdewale, Adesola M.A, Oyewale I.O(2013) Impact of Marketing Strategy on Business Performance A Study of Selected Small and Medium Enterprises (Smes) In Oluyole Local Government, Ibadan, Nigeria. IOSR Journal of Business and Management (IOSR-JBM) e-ISSN: 2278-487X, p-ISSN: 2319-7668. Volume 11, Issue 4 (Jul. - Aug. 2013), PP 59-66 www.iosrjournals.org. This research paper investigates the impact of marketing strategy on business performance with special reference to the selected SMEs in Oluyole local government area Ibadan, Nigeria. The instrument used in this study is a close-ended questionnaire that was designed by the researchers. The results show that the independent variables (i.e Product, Promotion, Place, Price, Packaging and After sales service) were significant joint predictors of business performance in term of profitability, market share, return on investment, and expansion.($F(6, 97) = 14.040$; $R^2 = 0.465$; $P < .05$). The independent variables jointly explained 46.5% of variance in business performance. Subsequently, recommendation were made to SMEs operators to produce quality products; charge competitive prices, position appropriately, use attractive package for the product, engage in after sales service and provide other distinctive functional benefits to consumers.

Budi Rustandi Kartawinata, Aditya Wardhana(2013) Marketing Strategies and Their Impact on Marketing Performance of Indonesian Ship Classification Society. International Journal of Science and Research (IJSR) ISSN (Online): 2319-7064. This study investigating marketing strategies that includes implementation of market strategies and marketing mix strategies that affect the marketing performance of Indonesian Ship Classification Society. This study using a survey method and proportionateclusters samplingmethod. Marketing strategies (consist of market strategies and marketing mix strategies) and marketing performance of Indonesian Ship Classification Society in general shows good condition.The dominant factor in the market strategies is targeting.The dominant factor in marketing mix strategiesis distribution. The dominant factor in the marketing performance is sales volume.Market strategies significantly influence on the performance marketing as 21.3 %.Marketing mix strategies significant influence on the performance marketing as 22.8 %.

V. Kharchuk et al(2014) The analyses of marketing strategies for innovations ECONTECHMOD. AN INTERNATIONAL QUARTERLY JOURNAL – 2014. Vol. 1. No. 1. 49–54. Marketing strategy is the crucial element of ensures diffusion of innovation. The

purpose of marketing strategy is to conduct market analyze, segment the market, develop marketing approach, right product portfolio and finally marketing plan. This article highlights the comprehensive role of marketing strategies for innovations. The results show, that marketing analyze for marketing strategy enables enterprises to go beyond the solely understanding of customer needs, thus enabling them to develop unexpected innovations. Marketing strategies also help companies to overcome barriers, associated with innovation commercialization. At the same time innovations can be a trigger for new marketing methods and instruments.

Muhammad Ishtiaq Ishaq (2016) Creative Marketing Strategy And Effective Execution On Performance In Pakistan. © Rae | São Paulo | V. 56 | n. 6 | nov-dez 2016 | 668-679 ISSN 0034-7590. The purpose of the current research is to determine the influence of creative marketing strategies and effective execution on business unit performance. Moreover, strategic orientation and environmental uncertainty are used as moderating variables. Data are collected from 368 key informants working in Fast-Moving Consumer Goods (FMCG), banking, pharmaceutical, chemical, insurance, and engineering industries using a multi-stage random sampling technique. Factor analysis and multiple hierarchal regressions are used to test the study hypotheses. The results indicate that creative marketing strategy and effective execution are positively associated with business performance. Moreover, environmental uncertainty and strategic orientation play a moderating role in the above relationships.

OBJECTIVES OF THE STUDY

1. To study the effectiveness of marketing strategy on business
2. To find the impact of profit on marketing strategy
3. To know the relationship between marketing strategy and profitability of Business

HYPOTHESES OF THE STUDY

1. There is no significant effectiveness of marketing strategy on business
2. There is no significant impact of profit on marketing strategy
3. There is no significant relationship between marketing strategy and profitability of Business

METHODOLOGY AND ANALYSIS OF THE STUDY

This study is based on both primary and secondary data which is collected from various journals and books. Primary source is a source from where we collect first-hand information or original data on a topic. Interview technique was used with structured questionnaire for the collection of primary data.

		Frequenc y	Percent	Valid Percent	Cumulative Percent
Valid	25-35	40	40.0	40.0	40.0
	35-45	50	50.0	50.0	90.0
	45-60	10	10.0	10.0	100.0
	Total	100	100.0	100.0	

In the above table shows that 40% of the employees are in the age group of 25-35 followed by 50% of employees are in the age group of 35 – 45. The middle age group are dominated in the organization.

		Frequenc y	Percent	Valid Percent	Cumulative Percent
Valid	Schools	10	10.0	10.0	10.0
	Diploma	27	27.0	27.0	37.0
	Degree	17	17.0	17.0	54.0
	PG	22	22.0	22.0	76.0
	Ph.D	24	24.0	24.0	100.0
	Total	100	100.0	100.0	

This table inferred that 10% of the employees completed school levels, 27% of the employees completed diploma courses and Degree, 22% of PG holders and 24% of Ph.d holders are presented in this analysis.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	8000-10000	6	6.0	6.0	6.0
	10001-20000	20	20.0	20.0	26.0
	20001-30000	38	38.0	38.0	64.0
	Above 30,000	36	36.0	36.0	100.0
	Total	100	100.0	100.0	

This table shows that 6% of employees getting 8000-10,000, 20% of the employees are getting 10001-20000 followed by 38% of the employees salary is 20001-30000. 36% of employees getting the pay above 30,000.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-5	15	15.0	15.0	15.0
	5-10	26	26.0	26.0	41.0
	10-15	51	51.0	51.0	92.0
	More than 15	8	8.0	8.0	100.0
	Total	100	100.0	100.0	

The above table incurred that experience of employees 51% are in more than 10-15 years' experience followed by 8% of employees are in more than 15 years' experience in marketing .Industries.

Table – 5 t -test						
	N	Mean	Std. Deviation	Std. Error Mean	t-values	Sig
Target market	100	3.60	1.279	.128	28.142	.000
High profit	100	3.17	1.457	.146	21.760	.000
Increased saes	100	3.17	1.303	.130	24.327	.000
Competition	100	2.61	1.675	.168	15.581	.000
Reach goal	100	3.07	1.328	.133	23.123	.000
Goodwill	100	3.27	1.462	.146	22.361	.000
Equity level	100	3.71	1.217	.122	30.489	.000
Task oriented	100	3.17	1.303	.130	24.327	.000

It was shown in the above table the mean values from 3.17 to 3.71. Pay and promotion getting high mean values followed by challenging task allotted by the organisation. From the above table it can be found that the mean values range from 2.610 to 3.710 with the respective standard deviation and standard error. The t values 28.142, 21.760, 24.327, 15,581, 23.123, 22.361, 30.489, 24.327 are statistically significant at the 5 % level. Therefore, it can be concluded, among the eight factors which is influenced by equity level increased and achieved target market by the marketers to used good strategies.

FINDINGS AND CONCLUSIONS

1. There are eight factors are mostly reached as a effectiveness of marketing strategy by the marketer.
2. Effectiveness of le strategies are target market, high profit, achieved competition, goodwill, increased sales, reached the goal, good equity level and task oriented.
3. Among the all factors the firm reached the good equity level and achieved the target market because of marketing strategies.
4. Marketing shows the good impact on profitability on business.
5. Marketing strategies and profitability of business are positively correlated.
6. Good marketing strategies increased the profit level or else vice versa.

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