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ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MANAGEMENT

**“Evaluating the Influence of Direct Marketing on Sales
Performance: The Case of PURATOS Ethiopia Food
Industry S.C.”**

A Thesis submitted to School of Graduate Studies of Addis Ababa University, College of Business and Economics, Department of Management for the partial fulfillment of the requirement for the Degree of Masters of Science in International Business (Strategic Investment Management – Stream)

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JANUARY, 2025

ADDIS ABABA, ETHIOPIA

STATEMENT OF DECLARATION

I, OUMER SHUKERALA, hereby declare that this MSc specialty or equivalent thesis dissertation, entitled “Evaluating the Influence of Direct Marketing on Sales Performance: The Case of PURATOS Ethiopia Food Industry S.C.” is truthfully a product of my original research investigation and original work, and all sources of material used for this thesis / dissertation have been duly acknowledged. I further declare that, should the university eventually discover that a substantial portion of my dissertation is lifted in to from original source, or using exactly the words of the other source, I reserve the right to the university to recall the degree granted to me.

Signed this day of January 30, 2025 Addis Ababa University, College of Business and Economics,

MSc Candidate: OUMER SHUKERALA

Signature: _____

Date: _____

This is to certify that the above declaration made by the candidate is correct to the best of my knowledge.

Advisor: MESKEREM MITIKU (PhD)

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Date: _____

APPROVAL SHEET

This is to certify that the thesis proposal entitled “Evaluating the Influence of Direct Marketing on Sales Performance: The Case of PURATOS Ethiopia Food Industry S.C.” has been developed by Oumer Shukerala under my/our supervision. Therefore, I recommend that the student’s proposal can be presented for review and open oral presentation.

Approved by:

Advisor	Signature	Date
Internal Examiner	Signature	Date
External Examiner	Signature	Date

Chair of Department or Graduate Program Coordinator

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May all who acquire knowledge be graced by God Almighty, Ameen!

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List of Acronyms

ANOVA - Analysis of Variance

DMT – Direct Marketing Tools

PT – Personalization & Targeting

CLR – Customers Loyalty & Repeat of Purchase

CSL – Customers Satisfaction Level

ES – Employees Satisfaction

CFD – Challenges Faced in Direct Marketing Activities

CR – Customers Response

SPI – Sales Performance Impact

ABSTRACT

This study examines the influence of direct marketing tools on sales performance at PURATOS Ethiopia Food Industry S.C., a subsidiary of the global PURATOS Group. In an increasingly competitive business environment, direct marketing has emerged as a critical strategy for fostering customer engagement and driving sales growth. The research addresses five key questions: (1) the direct marketing tools used by PURATOS Ethiopia, (2) customer responses to these approaches, (3) the impact of direct marketing on sales performance, (4) challenges in implementing direct marketing, and (5) customer satisfaction with marketing communications.

A mixed-methods approach was employed, utilizing surveys to gather data from customers and employees. The findings reveal that PURATOS Ethiopia employs a variety of direct marketing tools, including personalized communications and targeted campaigns, which are moderately effective in engaging customers. Customers appreciate the diversity of marketing methods, with a mean score of 3.52, but indicate room for improvement in communication clarity (mean of 2.98) and personalization (mean of 3.17). Direct marketing positively influences purchasing behavior, with a grand mean of 3.27, and significantly impacts customer loyalty (mean of 3.36) and brand preference over competitors (mean of 3.62).

However, challenges such as customer comprehension of marketing messages (mean of 3.59) and limited personalization (mean of 2.40) were identified. Regression analysis confirms a strong positive relationship between direct marketing tools and sales performance, explaining 57.5% of the variance in sales outcomes. Employees highlighted the need for innovative approaches to enhance adaptability and personalization in marketing strategies.

*In conclusion, direct marketing tools have a significant positive impact on PURATOS Ethiopia's sales performance, but improvements in communication effectiveness and personalization are needed to maximize customer satisfaction and loyalty. Recommendations include simplifying marketing messages, tailoring strategies to specific customer needs, and exploring new marketing channels to address existing challenges. These insights provide valuable guidance for PURATOS Ethiopia and other businesses in the Ethiopian food industry seeking to optimize their direct marketing efforts. ****Keywords**:** Direct marketing, sales performance, customer satisfaction, PURATOS Ethiopia, marketing tools, customer loyalty.*

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In today's rapidly evolving business environment, companies face intense competition and shifting consumer preferences. As a result, direct marketing has become a crucial strategy for enhancing promotional efforts and fostering strong customer relationships (Chen, Chiu & Chang, 2005). Although traditional marketing remains foundational, its effectiveness now depends on advanced and targeted approaches that go beyond conventional tactics.

A clear distinction exists between general marketing and direct marketing strategies. While traditional marketing often takes a product-focused approach, direct marketing prioritizes customer engagement. This method leverages detailed customer information, typically stored in advanced databases, to gain insights into customer preferences and needs. By analyzing customer characteristics, businesses can assess market value and predict customer responses to various marketing initiatives (Bose & Chen, 2009).

Sales performance serves as a key metric for evaluating a company's ability to meet its sales goals. This includes both quantitative indicators, such as revenue growth and customer acquisition, and qualitative factors, such as brand loyalty and customer satisfaction. Kotler and Keller (2012) argue that effective sales performance reflects the alignment of marketing strategies with consumer needs. Tapp (2008) highlights the pivotal role of direct marketing in improving sales performance by fostering engagement and loyalty. Reichheld and Schefter (2000) emphasize that increasing customer retention by just 5% can boost profits by up to 95%, illustrating the long-term value of strong customer relationships.

Traditional marketing approaches often struggle to meet the demands of modern consumers. The previous emphasis on expanding the customer base has shifted toward understanding and addressing individual needs. Studies suggest that retaining existing customers is more cost-effective than continuously acquiring new ones, prompting businesses to adopt direct marketing strategies that increase campaign effectiveness while reducing operational costs (Tapp, 2008). Unlike conventional methods, direct marketing focuses on personalized communication and leverages customer data to predict and meet customer expectations (Bose & Chen, 2009).

Since the late 20th century, direct marketing and customer relationship management (CRM) have become central to marketing practices. Scholars regard this shift as one of the most significant changes in marketing over the past five decades, comparing it to pre-industrial direct producer-consumer interactions (Sheth & Parvatiyar, 2000). Reinartz and Kumar (2016) found that structured direct marketing programs significantly improve business performance across multiple metrics, including customer retention and cross-selling success.

Direct marketing campaigns are effective because they promote specific products or services while encouraging customer actions such as inquiries, registrations, website visits, and purchases (Tapp, 2008). These campaigns strengthen relationships, allow for product and service testing, and help identify optimal outreach methods. However, challenges such as high communication costs and privacy concerns remain. Tapp (2008) notes that unsolicited marketing efforts can be intrusive, and Pride and Ferrell (2016) point to the challenges of regulatory compliance in diverse cultural and economic contexts.

Additionally, businesses face issues such as inefficiencies when targeting uninterested consumers and higher costs compared to traditional media (Smriti, 2015). Consumer resistance, fueled by concerns about unsolicited communication, presents a barrier to direct marketing adoption (Calia, 2018). In regions with limited awareness of direct marketing's benefits, businesses may still rely on traditional methods, limiting their market reach.

Empirical evidence consistently shows that direct marketing positively influences various aspects of sales performance. Strategies such as direct mail, telemarketing, email campaigns, and door-to-door marketing foster personalized interactions that influence buying behavior (Kumar & Reinartz, 2016). Yi and Amenuvor (2022) found that door-to-door marketers' sales capabilities significantly enhance customer engagement and trust, driving both immediate purchases and long-term loyalty. Direct marketing's adaptability allows for real-time performance monitoring, enabling businesses to adjust strategies efficiently and improve key metrics like conversion rates (Chaffey, 2021). Personalized approaches have been linked to higher retention rates, as tailored experiences align with customer preferences and increase satisfaction (Reichheld & Schefter, 2000). Data analytics further enhance these strategies by creating targeted offers that resonate with specific segments, driving engagement and sales growth.

Direct marketing's effectiveness has been documented across various industries. In Ethiopia's pulp and paper industry, Zewdu (2022) found that promotional strategies, including direct marketing, boosted sales volume. Meaza (2023) highlighted its influence on consumer purchasing decisions in Addis Ababa's supermarket sector. These findings underscore the importance of direct marketing in improving sales performance within Ethiopia's evolving food manufacturing sector, where competition and changing consumer preferences present unique challenges.

In the Ethiopian food manufacturing industry, direct marketing offers valuable opportunities for boosting sales. PURATOS Ethiopia Food Industry S.C. has adopted direct marketing strategies to improve sales outcomes in a competitive landscape. This research aims to assess the impact of these strategies on sales performance, drawing from theoretical frameworks and examining the practical challenges the company faces. By analyzing PURATOS Ethiopia's approach, the study will provide insights into how direct marketing can enhance sales, improve conversion rates, and offer a competitive advantage in the Ethiopian market.

1.1.1 Background of the Company

PURATOS is a global leader in the bakery, patisserie, and chocolate sectors, established in Belgium in 1919. Over the years, the company has expanded its operations to more than 100 countries, providing innovative solutions and high-quality products to the food industry.

PURATOS Ethiopia Food Industry S.C. operates as a subsidiary of the PURATOS Group and plays a significant role in the Ethiopian food manufacturing sector. Founded with the vision of enhancing the local food landscape, the company delivers innovative products that cater to both traditional and modern consumer demands. In 2020, the PURATOS Group expanded its global footprint by establishing PURATOS Ethiopia through a joint venture between Belgian and Ethiopian partners. This strategic move aimed to capitalize on the growing Ethiopian market and support the local food industry with high-quality bakery, pastry, and chocolate ingredients.

Located in the Sebeta Industrial Zone within the Oromia Region, PURATOS Ethiopia operates a modern manufacturing facility that produces a diverse range of well-branded products known for their quality and reliability. The company employs a dedicated team of 15 office staff and 11 factory workers, whose efforts are essential in driving the company's mission to deliver superior products and services to its varied customer base. PURATOS Ethiopia serves a wide array of

clients, including bakeries, cafés, hotels, supermarkets, catering businesses, and households throughout the country.

By leveraging its global expertise alongside local market insights, PURATOS Ethiopia has developed a product portfolio tailored to the unique preferences of Ethiopian consumers. The company's commitment to quality and customer satisfaction has enabled it to build strong relationships with clients, positioning it as a trusted partner in the food industry.

Direct marketing has been a pivotal strategy for the PURATOS Group, allowing the company to effectively engage with its target audience in the competitive food manufacturing sector. This approach is particularly important in markets where consumer preferences are rapidly evolving and there is a growing demand for high-quality food products. For PURATOS Ethiopia, direct marketing plays a crucial role in establishing strong connections with local customers. By employing this strategy, the company can offer tailored product solutions while gathering valuable insights into Ethiopian consumer preferences and needs.

This method allows PURATOS Ethiopia to bypass traditional advertising channels, which may be limited in the region, fostering a more personal relationship with consumers that builds trust and loyalty. The direct marketing strategy utilized by PURATOS Ethiopia not only addresses the challenges posed by limited advertising options but also serves as a proactive measure to differentiate itself within a competitive landscape. Engaging directly with customers enables the company to better understand local market dynamics and respond swiftly to feedback. This adaptability allows PURATOS Ethiopia to tailor its products and services specifically to meet the unique demands of the Ethiopian food industry.

Moreover, this approach aligns with the PURATOS Group's broader global mission of delivering innovative and customized solutions. By prioritizing direct engagement, PURATOS Ethiopia enhances its ability to innovate and ensure that its offerings resonate with local tastes. This commitment to understanding and meeting customer needs strengthens brand loyalty and solidifies PURATOS Ethiopia's position as a trusted partner in the food manufacturing sector.

1.2 Statement of Problem

As the business environment continues to evolve with advancements in technology and shifting consumer expectations, companies must adopt innovative marketing strategies to remain

competitive. Direct marketing has emerged as a critical approach for fostering personalized customer engagement and improving sales outcomes (Chen, Chiu & Chang, 2005). This marketing strategy allows businesses to connect directly with customers through various communication channels, offering tailored messages and promotions that stand out from traditional mass-marketing approaches (Tapp, 2008). Unlike generalized campaigns, direct marketing focuses on individual consumer preferences, thereby increasing the likelihood of meaningful interactions and improved sales outcomes (Safari et al., 2020).

The effectiveness of direct marketing, however, varies across industries and geographic regions, making it essential to assess its impact within specific contexts. By leveraging customer data, direct marketing enables companies to craft personalized offers that meet the unique needs of target audiences (Bose & Chen, 2009). In contrast to traditional, one-size-fits-all marketing strategies, this targeted approach often results in higher engagement and conversion rates (Tapp, 2008). Personalization plays a key role in this process, as tailored messaging has been linked to enhanced customer satisfaction and loyalty, leading to stronger sales performance (Verbeke et al., 2011). The ability to track and analyze campaigns in real time further supports ongoing strategy optimization, improving both cost efficiency and marketing effectiveness (Rock Content, 2023). Retaining existing customers through direct marketing is often more cost-effective than acquiring new ones, underscoring its value as a business strategy (Tapp, 2008).

Sales performance encompasses various quantitative and qualitative metrics, such as revenue growth, market share, customer acquisition, and retention rates (Morgan & Peterson, 2021). The relationship between direct marketing and sales performance is well-documented, with evidence suggesting that targeted marketing efforts can boost customer awareness and engagement, ultimately driving sales growth. Empirical research supports this connection across multiple industries. Nayak and Siddiqui (2023) found that direct marketing techniques, such as email campaigns and telemarketing, positively influenced consumer purchasing behavior through personalized communication. In Ethiopia's pulp and paper industry, Endalkachew (2021) observed that direct marketing strategies led to notable increases in sales volume. These findings demonstrate the potential of direct marketing to enhance sales performance across different sectors and regions.

Despite its advantages, direct marketing faces certain challenges. Concerns about privacy and the high cost of communication have been identified as significant barriers (Smith & Cooper-Martin,

2017). Unsolicited contact and perceived intrusions can lead to consumer resistance, particularly in markets where awareness of the benefits of direct marketing remains limited (Calia, 2018). These challenges underscore the importance of culturally sensitive approaches that align with local consumer expectations and preferences.

In Ethiopia, research on direct marketing applications remains sparse. Most marketing studies have traditionally focused on conventional strategies, creating a knowledge gap regarding the effectiveness of targeted marketing approaches. PURATOS Ethiopia Food Industry S.C., a new entrant in the Ethiopian food sector, has adopted direct marketing strategies to engage customers and boost sales. However, there is limited empirical evidence on the effectiveness of these efforts in the Ethiopian market, where socio-economic and cultural factors may influence outcomes (Cohen, 2019; Smith & Zook, 2020).

PURATOS also faces several challenges, including limited consumer awareness of direct marketing benefits, privacy concerns, and the need to integrate digital channels with traditional direct marketing methods. Understanding the link between direct marketing and sales performance is crucial for optimizing marketing investments and gaining a competitive advantage in this evolving market landscape (Chaffey, 2021).

Given these challenges and knowledge gaps, this research aims to explore the impact of direct marketing strategies on sales performance at PURATOS Ethiopia Food Industry S.C. By examining the company's approach, the study seeks to provide practical insights that can inform strategic marketing decisions and contribute to the development of more effective marketing practices within the Ethiopian food industry.

1.3 Research Question

The researcher intended to address the following questions:

1. How does Direct Mail Marketing influence sales performance at PURATOS Ethiopia?
2. What impact does Mobile Marketing have on customer engagement and sales performance at PURATOS Ethiopia?
3. How does Social Media Marketing affect brand awareness and sales growth for PURATOS Ethiopia?
4. What role does Email Marketing play in customer retention and sales performance at PURATOS Ethiopia?

5. How does door-to-door marketing affect sales performance as well as customer acquisition and market share at PURATOS Ethiopia?
6. How do customers respond to the different direct marketing strategies employed by PURATOS Ethiopia?
7. What are the common obstacles/challenges PURATOS Ethiopia encounters when using direct marketing strategies?

1.4 Objectives of the Study

General Objective

The main objective of this study is to evaluate the influence of direct marketing strategies on the sales performance of PURATOS Ethiopia Food Industries S.C., while considering customer responses and challenges associated with implementing these strategies.

Specific Objectives:

In line with the general objective, this research addresses the following specific objectives:

1. To assess the influence of Direct Mail Marketing on sales performance at PURATOS Ethiopia
2. To evaluate the effectiveness of Mobile Marketing in driving sales and customer engagement for PURATOS Ethiopia
3. To analyze the role of Social Media Marketing in increasing brand visibility and sales performance at PURATOS Ethiopia
4. To investigate the contribution of Email Marketing to customer retention and sales growth for PURATOS Ethiopia.
5. To explore the challenges faced by PURATOS Ethiopia in utilizing Door-to-Door Marketing strategies.
6. To evaluate the overall moderating effects of customer response to the different direct marketing strategies and their effect on sales performance.
7. To determine the challenges faced by PURATOS Ethiopia in implementation of these tools, and provide actionable recommendations for optimizing direct marketing strategies.

1.5 Significance of the Study

The Ethiopian market is undergoing significant transformation, creating a crucial opportunity to explore the role and impact of direct marketing strategies. While direct marketing has been extensively studied in Western markets (Chen, Chiu & Chang, 2005; Tapp, 2008), there remains a limited understanding of how these approaches function within Ethiopia's distinct cultural and economic environment. This research aims to bridge that gap by examining how Ethiopian businesses and consumers engage with direct marketing channels, offering insights that can shape effective marketing strategies in emerging African markets.

As Ethiopia's commercial landscape continues to evolve, this study holds practical relevance by helping businesses like PURATOS Ethiopia and other local companies navigate everyday marketing challenges. Grounded in empirical data rather than external assumptions, the findings will guide decision-makers in developing tailored marketing strategies that resonate with local consumers. Key insights will include identifying direct marketing techniques that appeal to Ethiopian customers, crafting messages for diverse audiences, and overcoming market-specific barriers. These outcomes are expected to strengthen customer relationships and enhance the return on marketing investments.

Government officials and policymakers stand to benefit from this research by gaining insights that support the creation of consumer-friendly regulations while fostering a conducive environment for business growth. As direct marketing becomes increasingly common in Ethiopia, the need for thoughtful regulatory frameworks becomes more pressing. This study will pinpoint areas where clear guidelines are essential, particularly regarding privacy and communication practices, helping policymakers craft standards that align with Ethiopian cultural values and market realities.

The research will also be a valuable resource for marketing students and educators in Ethiopia. By incorporating examples from local businesses and consumer experiences, the study will connect theoretical marketing concepts to real-world applications. This approach will enrich educational outcomes by making marketing knowledge more relevant and actionable for future Ethiopian professionals.

Looking ahead, this research will serve as a foundation for further studies and innovations in the Ethiopian marketing landscape. By documenting current practices and identifying challenges, it

will pave the way for new inquiries and improvements in direct marketing strategies. The findings will prompt important discussions on how marketing approaches can be better customized to meet the needs of Ethiopian businesses and consumers, fostering continued growth and development in this critical field.

1.6 Scope of the Research

The scope of this research is specifically defined by its focus on evaluating the influence of direct marketing on sales performance at PURATOS Ethiopia Food Industry S.C. within the context of the Ethiopian food manufacturing sector. The study aims to provide insights into how direct marketing strategies can enhance customer engagement and drive sales growth in this unique market.

The research will be conducted in Ethiopia, particularly emphasizing the operations of PURATOS Ethiopia, located in the Sebeta Industrial Zone of the Oromia Region. The study will target two primary stakeholder groups: employees and customers of PURATOS Ethiopia.

The research will focus on the direct marketing strategies implemented by PURATOS Ethiopia since its establishment in 2020. This timeframe allows for an analysis of the initial effects of these marketing initiatives on sales performance and customer engagement, providing insights into the effectiveness of direct marketing in a developing market.

The study will specifically identify and describe the direct marketing tools currently utilized by PURATOS Ethiopia, including but not limited to:

- Email marketing
- Social media campaigns
- Telemarketing
- Direct mail
- Door-to-door marketing

The research will analyze responses from both employees and customers regarding these marketing approaches, assessing levels of engagement, satisfaction, and overall effectiveness. Additionally, the study will evaluate changes in key sales performance metrics, such as revenue growth, customer acquisition, and retention rates, following the implementation of direct marketing initiatives.

Furthermore, the research will identify and assess the challenges faced by PURATOS Ethiopia in executing these strategies, including consumer privacy concerns, communication costs, and market receptiveness. Lastly, the study will measure customer satisfaction levels regarding the direct marketing communications received from the company, providing a comprehensive view of customer perceptions and experiences.

By focusing on these areas, the study aims to deliver a thorough understanding of how direct marketing influences sales performance in the Ethiopian food manufacturing sector. The findings will offer valuable insights that can inform strategic decision-making and enhance marketing effectiveness for PURATOS Ethiopia and similar businesses operating in the region.

1.7 Limitation of the study

This study faces several limitations that may influence the scope and applicability of its findings. First, the research focuses exclusively on PURATOS Ethiopia Food Manufacturing S.C. and its operations within the Ethiopian market. As a result, the insights derived may not be directly transferable to other regions or industries with different market conditions. Additionally, the sample size for the study includes a limited number of employees and customers from PURATOS Ethiopia. Despite efforts to ensure diversity among participants, the relatively small sample may restrict the breadth of perspectives captured, potentially impacting the depth and generalizability of the conclusions.

Another constraint involves the reliance on self-reported data gathered through surveys and interviews. This approach may introduce biases, such as social desirability bias, where respondents provide answers they perceive as favorable rather than accurately reflecting their opinions or experiences. The research also focuses on direct marketing strategies implemented since PURATOS Ethiopia's establishment in 2020. Given this relatively short timeframe, the study may lack insights into long-term trends and the sustained impact of direct marketing on sales performance and customer engagement.

The dynamic nature of the Ethiopian market presents additional challenges. Rapid changes in consumer attitudes and behaviors may render the findings less relevant over time. Moreover, the study may not fully account for external influences such as economic fluctuations, regulatory shifts, or competitive pressures that could affect sales performance and the effectiveness of direct

marketing strategies. These external factors introduce potential variability that may not be captured in the research.

Another critical consideration is the complexity of Ethiopian cultural dynamics. While the study seeks to explore culturally sensitive direct marketing strategies, the diverse backgrounds and preferences of Ethiopian consumers may require a more detailed and nuanced exploration than what this research can provide.

Recognizing these limitations helps to contextualize the study's findings and clarify their potential implications. Future research could address these challenges by expanding the geographical scope, increasing the sample size, and conducting longitudinal studies to assess the long-term impact of direct marketing strategies in Ethiopia. Additionally, further exploration of cultural factors could enhance understanding and inform more effective marketing strategies tailored to Ethiopia's diverse consumer base.

1.8 Definition of key operational terms

Direct Marketing: Direct marketing is defined as a promotional strategy that involves direct communication with consumers to elicit a response or transaction. This approach utilizes various channels, including email, telemarketing, direct mail, social media, and door-to-door marketing, to reach targeted audiences without intermediaries. The primary goal of direct marketing is to generate immediate responses from consumers, fostering a direct relationship between the business and its customers (Tapp, 2008).

Sales performance refers to the effectiveness with which a company achieves its sales objectives and goals. It encompasses a range of quantitative and qualitative metrics, such as revenue growth, profit margins, customer acquisition rates, retention rates, and overall market share. According to Kumar and Reinartz (2016), these metrics are essential for assessing the success of marketing strategies and the overall health of a business. Sales performance not only reflects immediate revenue outcomes but also indicates the long-term sustainability of customer relationships and market positioning.

Customer Relationship Management (CRM): CRM is a strategic approach that focuses on managing a company's interactions with current and potential customers. It involves the use of data analysis to enhance business relationships, improve customer satisfaction, and drive sales

growth (Payne, 2006). CRM systems enable businesses to streamline processes and foster customer loyalty by understanding customer attitudes and preferences.

Customer Engagement: Customer engagement is defined as the emotional connection and interaction between a customer and a brand. It encompasses various touchpoints, including marketing communications, customer service interactions, and social media engagement. High levels of customer engagement are associated with increased customer loyalty and satisfaction (Bose & Chen, 2009).

Customer Feedback: Customer feedback refers to the information provided by customers regarding their experiences with a company's products or services. This feedback can be collected through various methods, including surveys, reviews, and direct communication. Analyzing customer feedback is crucial for understanding customer satisfaction, identifying areas for improvement, and enhancing overall service quality.

Market Reach: Market reach is defined as the total number of potential customers exposed to a company's marketing efforts. It is assessed through metrics such as the number of unique visitors to a website, social media impressions, and the recipients of direct marketing communications. A broader market reach indicates a greater potential for customer acquisition and sales growth.

Customer Acquisition: Customer acquisition refers to the process of attracting and converting new customers to a business. This involves various marketing strategies aimed at generating interest and encouraging potential customers to make a purchase (Tapp, 2008). Effective customer acquisition strategies are essential for business growth and sustainability.

Customer Retention: Customer retention is the ability of a company to retain its customers over time. It involves strategies aimed at keeping existing customers engaged and satisfied with the company's products or services. High customer retention rates are often more cost-effective than acquiring new customers, as they reduce the need for extensive marketing efforts (Verbeke et al., 2011).

1.9 Organization of the study

This study is structured into five chapters, each addressing a critical aspect of the research on direct marketing strategies at PURATOS Ethiopia Food Industry S.C.

The first chapter serves as an introduction to the study, providing essential background information, an overview of PURATOS Ethiopia, a statement of the problem, research questions,

objectives of the study, significance of the research, scope of the study, definitions of key operational terms, and an outline of the organization of the study.

The second chapter focuses on a comprehensive review of relevant literature. It examines previous research conducted by scholars in the field and discusses the theoretical foundations pertinent to the subject matter. Additionally, this chapter presents the conceptual framework that guides the study.

In the third chapter, the research methodology employed in the study is outlined. This includes a discussion of the research approach, research design, selection of research participants, data sources, sample size, sampling techniques, validity and reliability of measurement scales, methods of data analysis, and ethical considerations related to the research process.

The fourth chapter is dedicated to data presentation, analysis, and interpretation. It provides a detailed examination of the research findings and their relation to the research questions and objectives.

Finally, the fifth chapter summarizes the findings, draws conclusions based on the research, and offers recommendations. This chapter aims to provide actionable insights for PURATOS Ethiopia and identify areas for future research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Theoretical Literature Review

2.1.1 Concept and Definition of Direct Marketing

Direct marketing is a strategic approach that prioritizes direct communication with specific consumers, aiming to generate immediate responses and build long-lasting relationships. Unlike traditional marketing methods that often rely on mass media to reach wide audiences, direct marketing focuses on personalized communication tailored to the unique preferences and behaviors of individual customers (Kotler & Armstrong, 2004). This method has seen significant growth, especially during the latter half of the 20th century, becoming an integral part of the marketing manager's toolkit. Despite its widespread use, there remains a lack of consensus among scholars and practitioners regarding a single, universally accepted definition of direct marketing. Over time, the concept has evolved, incorporating various terms such as directed marketing, relationship marketing, integrated marketing, permission marketing, and interactive marketing to describe its activities (Scovotti & Spiller, 2006).

Kotler et al. (2004) offer a communicative perspective on direct marketing, describing it as “direct communications with carefully targeted individual consumers to obtain an immediate response and cultivate long-lasting customer relationships.” This definition underscores the significance of targeted communication and the aim of nurturing ongoing customer relationships. Recent insights from Chaffey (2021) highlight the crucial role of data analytics in direct marketing, emphasizing that “effective direct marketing leverages customer data to create personalized experiences that resonate with consumers, facilitating a two-way interaction that enhances brand loyalty.” This viewpoint illustrates how vital data is in shaping marketing strategies and customizing communications to align with customer needs.

The overarching goal of marketing is to deliver value to customers while nurturing strong relationships that result in financial returns, including sales, profits, and sustained customer loyalty (Kotler & Armstrong, 2008). Egan (2008) echoes this customer-centric perspective, arguing that successful marketing is fundamentally about understanding and addressing the needs and preferences of customers.

It is also important to differentiate between general marketing and direct marketing. General marketing typically utilizes mass media, such as television, to reach consumers without considering their individual characteristics or preferences (Bose & Chen, 2009). This product-oriented approach aims to capture market share for specific products. In contrast, direct marketing is inherently customer-focused, utilizing customer data stored in databases to carry out three primary functions: analyzing customer data, developing a marketing strategy, and executing that strategy to elicit direct responses from customers (Tapp, 2008). By concentrating on customer preferences, direct marketing enables marketers to craft their interactive strategies in a way that effectively meets individual needs.

A defining characteristic of direct marketing is its emphasis on measurable results, which allows businesses to assess the success of their campaigns and adapt their strategies as needed. This aligns with the principles articulated by Kotler and Keller (2006), who contend that direct marketing offers marketers a more immediate response from consumers, facilitating prompt feedback and engagement. Moreover, the emergence of digital platforms has significantly reshaped the direct marketing landscape, with email and social media now serving as key channels for reaching consumers. Tapp (2008) notes that the capability to customize messages for specific customer segments has transformed direct marketing into a powerful tool for businesses aiming to boost customer engagement and drive sales.

In conclusion, direct marketing is a dynamic and evolving practice that emphasizes personalized communication, data-driven strategies, and measurable results. Its effectiveness stems from the ability to connect directly with customers, fostering relationships that can enhance loyalty and improve overall business performance.

2.1.2 Forms of Direct Marketing

Direct marketing encompasses a variety of techniques and channels designed to communicate directly with consumers, aiming to elicit immediate responses and foster long-term relationships. As the marketing landscape evolves, the forms of direct marketing have expanded, incorporating both traditional and digital methods. Direct marketers employ a range of strategies to connect with potential customers; these strategies are designed to foster personalized interactions, generate immediate responses, and build lasting customer relationships. The following are some of the key direct marketing strategies that businesses commonly employ:

A. Direct Mail: Direct mail remains one of the most widely used methods of direct marketing, consistently growing in popularity over the years. It holds a significant share of advertising spending, ranking just behind television and print media. Unlike random leaflet distribution, direct mail involves sending personalized communications directly to recipients. In recent years, the practice has evolved by incorporating tailored messages that focus on factors like lifestyle, interests, and demographic characteristics. Personalization is key to the success of direct mail campaigns, with the content and advertisements specifically aimed at individuals.

A critical element in the effectiveness of direct mail is the quality of the mailing list used. These lists can be rented or purchased from list brokers. Because mailing lists can quickly become outdated, renting lists is often preferred. Consumer lists are typically gathered through magazine subscriptions, catalog orders, or membership in various organizations. Additionally, lifestyle-specific lists are often created from survey responses. The electoral roll is another valuable resource when combined with geodemographic profiling. For instance, if a company intends to target families in modern homes, the electoral roll can help identify addresses of individuals living in those areas. (Valens, Murwanashyaka, Uwingeneye, & Habimana, 2020)

B. Email Marketing: Email marketing is a form of direct marketing that uses electronic mail to communicate promotional messages, content, or advertisements to a target audience. It is a widely-used tool that allows businesses to maintain consistent communication with their customer base and prospects. Unlike traditional marketing methods, email marketing leverages digital technology to deliver messages directly to recipients' inboxes, often aiming to promote products, services, or brand engagement (Huang, 2020). Email marketing campaigns can range from newsletters and promotional offers to transactional and personalized messages, often driven by sophisticated segmentation techniques (Chaffey & Ellis-Chadwick, 2019).

The effectiveness of email marketing largely depends on factors such as message personalization, segmentation of customer lists, and timing. Personalized emails, for instance, are shown to increase open rates and customer engagement significantly compared to generic emails (Bell, 2021). Businesses often utilize advanced customer data and analytics to craft emails that cater to individual preferences, interests, and past behaviors, which increases the relevance of the content and improves customer relationships.

Furthermore, email marketing offers measurable results, such as open rates, click-through rates, and conversion rates, which enable marketers to assess the success of campaigns in real-time and

adjust strategies accordingly (Chaffey, 2021). Automation tools, which streamline email delivery based on user actions, further enhance the timeliness and relevance of communications. These tools have made it easier to send large volumes of emails without losing the personal touch, thus optimizing the customer experience (Keller, 2020)

C. Telemarketing: Telemarketing is a form of direct marketing in which businesses or organizations use telephone calls to contact potential or existing customers with the goal of soliciting sales, conducting surveys, or gathering information. This method is particularly effective for reaching individuals who may not be as engaged with other forms of communication, such as email or online ads. Telemarketing can be classified into two types: inbound and outbound. Inbound telemarketing involves receiving calls from customers, such as customer service inquiries or order processing, while outbound telemarketing involves proactively reaching out to customers or leads (Lemon, 2021).

The effectiveness of telemarketing largely depends on the skill of the representative, the quality of the data, and the method of contact. Successful telemarketing campaigns often require personalized approaches to build rapport, address customer needs, and offer solutions. Studies have shown that telemarketing can yield higher conversion rates when combined with follow-up calls, personalized scripts, and targeted leads (Jang & Lee, 2020). Furthermore, the use of advanced technology, such as predictive dialing and automated systems, has enhanced the efficiency and reach of telemarketing campaigns (Nayyar, 2019).

However, despite its effectiveness, telemarketing can sometimes face criticism due to consumer perceptions of unsolicited calls. Many individuals find unsolicited calls intrusive, and regulatory measures such as the National Do Not Call Registry have been implemented in various countries to manage telemarketing practices and protect consumers' privacy (Johnson, 2021). This underscores the importance of ensuring that telemarketing campaigns are compliant with regulations and are designed to minimize disruption while maximizing customer engagement.

D. Social Media Marketing: Social media marketing refers to the use of social media platforms and websites to promote products, services, or brands and engage with a target audience. It has become an essential component of digital marketing strategies due to the widespread use of platforms such as Facebook, Instagram, Twitter, LinkedIn, and YouTube. Social media marketing involves both organic and paid strategies to build brand awareness, drive traffic, generate leads, and foster customer engagement (Tuten & Solomon, 2021).

One of the key advantages of social media marketing is its ability to reach a broad audience through targeted advertising. Platforms like Facebook and Instagram allow marketers to segment their audience based on demographics, interests, behaviors, and geographic locations, enabling businesses to tailor their messages to the right people. In addition to paid advertisements, businesses can also leverage organic content, such as posts, videos, and stories, to interact with followers and foster relationships (Kaplan & Haenlein, 2020).

Another significant benefit of social media marketing is the ability to engage with customers in real-time. Social media allows businesses to respond to customer inquiries, address concerns, and participate in conversations about their products or services. This interactive nature enhances customer satisfaction and loyalty, as consumers feel heard and valued (Malthouse et al., 2019). Additionally, social media provides an opportunity to showcase brand personality and build a community around a product or service, making it a powerful tool for creating long-term relationships with customers.

However, the fast-paced and highly competitive nature of social media means that marketers must continually innovate and adapt their strategies. The constant evolution of algorithms, changing user behaviors, and the rise of new platforms require businesses to stay agile and experiment with new content formats, such as live streaming, influencer partnerships, and user-generated content (Tuten & Solomon, 2021).

E. Door-to-Door Marketing: Door-to-door marketing is a direct sales strategy where representatives personally visit potential customers at their homes or businesses to promote and sell products or services. This approach allows businesses to engage with consumers in a highly personalized manner, offering a unique opportunity to tailor sales pitches based on individual needs, preferences, and concerns. It is especially effective for products or services that benefit from a demonstration or detailed explanation, such as home improvement services, insurance, or subscription-based goods.

One of the primary advantages of door-to-door marketing is the ability to create a personal connection with potential customers. The face-to-face interaction allows sales representatives to build trust, address questions or objections in real time, and customize their messaging to resonate with the consumer. As such, door-to-door marketing can lead to higher conversion rates compared to other forms of direct marketing, as the personalized nature of the interaction often results in greater customer engagement (Yi & Amenuvor, 2022).

Moreover, this form of marketing can help businesses penetrate local markets by targeting specific neighborhoods or communities. Independent salespeople often use door-to-door methods to build a loyal customer base within their local areas. Companies such as Avon, Tupperware, and even some energy providers have successfully employed door-to-door marketing to establish a strong presence within targeted regions. Research has shown that when businesses focus on building relationships and providing high-quality service, they can foster long-term customer loyalty through door-to-door interactions (Venugopal, 2006).

However, despite its effectiveness, door-to-door marketing has faced challenges over the years, particularly concerning consumer perceptions. Many consumers find unsolicited visits to be intrusive or disruptive, which can create a negative reaction toward the brand or product being sold. This is why businesses that engage in door-to-door marketing often focus on training their sales representatives to be respectful, professional, and courteous. Companies also ensure that their representatives are equipped with clear information about consumer rights and privacy laws to avoid potential legal issues or complaints (Sharma, 2019).

Another key challenge is adapting to modern consumer preferences, where many people increasingly prefer to research products and services online or through digital platforms. As a result, door-to-door marketing campaigns must be integrated into broader marketing strategies that also include online marketing and social media outreach to be truly effective. Leveraging technology can help sales representatives improve their efficiency, track leads, and ensure that the right products are being offered to the right consumers (Zhao & Lee, 2020).

F. Mobile Marketing: Mobile marketing is a form of digital marketing that targets consumers through their mobile devices, such as smartphones and tablets. With the increasing adoption of mobile technology, mobile marketing has become an essential part of businesses' overall marketing strategies. It encompasses a variety of techniques, including SMS (short message service) marketing, mobile apps, push notifications, and location-based marketing, all aimed at delivering timely and personalized content to consumers on their mobile devices. (Chaffey, D., & Ellis-Chadwick, F. (2019).

One of the key advantages of mobile marketing is its ability to reach consumers on the go. Mobile devices are typically always within reach, which makes them a powerful tool for sending targeted and timely messages to users. For instance, businesses can send promotional offers or reminders

directly to consumers' mobile phones through SMS or app notifications, ensuring that they engage with the content when they are most likely to take action.

Additionally, mobile marketing enables companies to use location-based targeting, sending personalized messages to users based on their geographical location. This increases the relevance of the content and the likelihood of conversions.

Mobile apps also play a significant role in mobile marketing strategies. Many businesses have developed their own apps to engage with customers, provide personalized experiences, and enhance brand loyalty. Mobile apps offer a platform for businesses to send push notifications about sales, new products, or important updates directly to users' devices, increasing the chances of driving purchases or interaction. Furthermore, mobile apps can collect valuable data on customer behavior, allowing businesses to refine their marketing strategies and improve customer satisfaction.

Despite its advantages, mobile marketing also faces challenges, particularly regarding user privacy and consent. Consumers are often wary of receiving unsolicited messages or having their data tracked, which has led to the implementation of regulations such as GDPR (General Data Protection Regulation) in Europe and other privacy laws worldwide. Marketers must ensure that they comply with these regulations and respect user preferences to maintain customer trust and avoid legal issues. Chaffey, D., & Ellis-Chadwick, F. (2019).

G. Online Advertising: Online advertising, including pay-per-click (PPC) and display ads, is another critical component of direct marketing. This form of marketing allows businesses to target specific audiences based on their online behavior and interests. Research shows that online advertising can lead to higher engagement rates when ads are personalized and relevant to the target audience (Chaffey, 2021). The ability to track and measure the effectiveness of online ads in real-time makes this method particularly appealing for marketers.

In summary, the forms of direct marketing have evolved significantly, incorporating both traditional and digital methods to engage consumers effectively. By leveraging these diverse strategies, businesses can foster personalized interactions, drive immediate responses, and build lasting customer relationships.

2.1.3 Sales Performance

Sales performance is a fundamental aspect of business success, reflecting the effectiveness of a company's sales strategies and its ability to achieve revenue targets. It encompasses a variety of metrics and indicators that provide insights into how well a business is performing in the marketplace. Understanding sales performance is crucial for organizations seeking to enhance their competitive position, optimize their marketing efforts, and drive sustainable growth.

The significance of sales performance extends beyond mere revenue generation; it serves as a key indicator of customer satisfaction, market demand, and overall business health. High sales performance often correlates with increased customer loyalty, as satisfied customers are more likely to make repeat purchases and recommend the brand to others. According to Morgan and Peterson (2021), effective sales performance is essential for maintaining a strong market presence and achieving long-term profitability.

To measure sales performance effectively, businesses utilize a range of key performance indicators (KPIs). These metrics provide a comprehensive view of sales effectiveness and help organizations identify areas for improvement. Commonly used metrics include:

Revenue Growth: This metric measures the increase in sales revenue over a specific period, indicating a company's ability to expand its market presence. Consistent revenue growth is often associated with successful marketing and sales strategies, as well as effective customer engagement (Kotler & Keller, 2016).

Customer Acquisition Rate: This metric assesses the effectiveness of marketing and sales strategies in attracting new customers. A high customer acquisition rate indicates successful outreach efforts, while a low rate may signal the need for strategic adjustments (Chaffey, 2021).

Customer Retention Rate: Retaining existing customers is often more cost-effective than acquiring new ones. This metric measures the percentage of customers who continue to do business with a company over a specified period. Research by Reichheld and Schefter (2000) suggests that increasing customer retention rates by just 5% can lead to a profit increase of 25% to 95%.

Sales Volume: This metric quantifies the total number of units sold within a specific timeframe. It provides insights into product performance and market demand, helping businesses assess the effectiveness of their sales strategies (Miller, 2021).

Market Share: Market share represents the percentage of an industry or market that a company controls. It is a crucial indicator of competitive positioning and overall sales performance.

Companies with a larger market share often benefit from economies of scale and increased brand recognition (Kotler & Armstrong, 2008).

Sales Cycle Length: This metric measures the time it takes to convert a lead into a sale. A shorter sales cycle indicates efficient sales processes and effective customer engagement strategies, while a longer cycle may highlight potential bottlenecks in the sales process (Johnson & Lee, 2020).

Sales Conversion Rate: This metric assesses the percentage of leads that result in actual sales. A high conversion rate indicates effective sales tactics and strong alignment between marketing efforts and customer needs (Chaffey, 2021).

Customer Lifetime Value (CLV): CLV estimates the total revenue a business can expect from a single customer account throughout the business relationship. Understanding CLV helps businesses prioritize customer retention strategies and allocate resources effectively (Mansoor & Ishaq, 2006).

In addition to these metrics, external factors such as market conditions, competitive dynamics, and economic trends can significantly influence sales performance. Businesses must remain agile and responsive to these factors to maintain and improve their sales outcomes. For instance, shifts in consumer preferences or economic downturns may necessitate adjustments in sales strategies and marketing approaches.

In conclusion, sales performance is a multifaceted concept that plays a vital role in determining a company's success. By understanding and measuring key metrics such as revenue growth, customer acquisition and retention rates, sales volume, market share, and sales cycle length, businesses can gain valuable insights into their sales effectiveness. This understanding is essential for developing targeted marketing strategies, including direct marketing efforts that drive sales growth and enhance overall business performance.

2.1.4 Direct Marketing and Sales Performance

Direct marketing has become a fundamental strategy for businesses aiming to enhance their sales performance in a dynamic and competitive marketplace. This approach involves communicating directly with consumers through various channels, including email, social media, direct mail, and telemarketing, to generate immediate responses and foster engagement. The effectiveness of direct marketing in driving sales performance is well-documented in contemporary research, emphasizing its impact on customer engagement, conversion rates, and overall business growth.

The primary objective of direct marketing is to elicit an immediate response from the target audience, whether that be a purchase, inquiry, or engagement with the brand. This immediacy is crucial in establishing a direct link between marketing efforts and sales outcomes. Research by Lemon et al. (2020) indicates that businesses employing targeted direct marketing strategies experience significantly higher conversion rates compared to those utilizing generic marketing approaches. This targeted communication not only increases the likelihood of conversion but also enhances customer satisfaction and loyalty, which are essential for long-term business success.

Moreover, the integration of digital platforms into direct marketing strategies has significantly amplified their impact on sales performance. According to a report by Chaffey (2022), businesses utilizing email marketing, social media advertising, and personalized online promotions reported an average sales growth of 35% over the previous year. The ability to track and analyze consumer interactions in real-time allows companies to continuously refine their marketing strategies, optimizing their efforts to maximize sales outcomes. This adaptability is particularly important in today's fast-paced business environment, where consumer preferences can shift rapidly.

Direct marketing also plays a critical role in building long-term customer relationships, which are essential for sustained sales performance. Research by Kumar et al. (2021) emphasizes that companies excelling in customer relationship management can achieve customer retention rates that are significantly higher than their competitors. By leveraging direct marketing techniques, businesses can collect valuable feedback and insights from their customers, allowing them to refine their offerings and enhance customer satisfaction. This ongoing engagement fosters loyalty, encouraging repeat purchases and referrals, which are vital for long-term sales growth.

Furthermore, direct marketing enables businesses to adapt quickly to market changes and consumer needs. The ability to utilize customer data and feedback allows companies to adjust their marketing strategies in response to evolving preferences. A study by Verhoef et al. (2021) found that organizations that actively engage in data-driven marketing strategies are significantly more likely to achieve higher sales performance than those that do not. For instance, a direct marketing campaign can be modified based on real-time sales data, allowing businesses to promote specific products or clear out discontinued stock effectively.

In addition to these benefits, direct marketing provides measurable results that are essential for evaluating sales performance. Businesses can track key performance indicators (KPIs) such as response rates, conversion rates, and return on investment (ROI) to assess the effectiveness of their

direct marketing efforts. Research by the Direct Marketing Association (2022) indicates that direct marketing campaigns can yield an average ROI of \$42 for every dollar spent, highlighting the financial benefits of this approach.

Moreover, the relationship between direct marketing and sales performance is influenced by external factors such as market conditions, competitive dynamics, and economic trends. Businesses must remain agile and responsive to these factors to maintain and improve their sales outcomes. For example, shifts in consumer preferences or economic downturns may necessitate adjustments in sales strategies and marketing approaches.

In conclusion, the relationship between direct marketing and sales performance is both significant and multifaceted. Direct marketing serves as a powerful tool for enhancing sales performance by promoting specific products to targeted audiences, fostering long-term customer relationships, and providing measurable results. The ability to adapt quickly to market changes and customer needs further underscores the strategic importance of direct marketing in today's competitive landscape. As organizations like PURATOS Ethiopia continue to leverage direct marketing techniques, they will be better positioned to meet customer demands and drive sustainable growth.

2.2 Empirical Literature Review

Direct marketing has emerged as a critical strategy for businesses aiming to enhance sales performance by fostering direct engagement with consumers. Over the past two decades, direct marketing has undergone significant transformations, adapting to technological advancements and evolving consumer behaviors. Kotler and Armstrong (2004) defined direct marketing as a strategy that utilizes consumer direct channels to reach customers without the involvement of marketing intermediaries. This definition remains relevant; however, recent studies have broadened the scope of direct marketing channels to include emerging digital platforms. According to Chaffey (2021), direct marketing now encompasses a diverse array of channels, including social media, mobile applications, online advertising, and traditional methods such as direct mail and telemarketing. The integration of these channels allows marketers to create multi-channel campaigns that enhance consumer engagement and response rates.

Among the various forms of direct marketing, door-to-door marketing has gained attention for its effectiveness in establishing personal connections with consumers. This method involves sales representatives visiting potential customers at their homes to promote products or services directly.

Research by Priya and Siddiqui (2023) indicates that door-to-door marketing fosters personal relationships and trust, which can significantly enhance customer engagement and drive immediate sales. Their study found that this approach not only increases sales volume but also contributes to long-term customer loyalty, as consumers appreciate the personalized interaction.

Numerous studies across different regions have explored the relationship between direct marketing strategies and sales performance. While significant research exists on direct marketing in broader contexts, there remains a limited body of literature addressing its effectiveness within the Ethiopian market. According to a study by Kumar and Reinartz (2016), businesses that implement targeted direct marketing campaigns can achieve significantly higher response rates and conversion rates compared to untargeted campaigns. Their research, conducted across various industries, found that personalized marketing messages led to a 20-30% increase in sales performance, demonstrating the effectiveness of direct marketing in reaching specific customer segments.

Another significant contribution to the literature is the work by Chaffey (2019), who analyzed the impact of digital direct marketing strategies on sales performance. The study highlighted those businesses utilizing email marketing, social media advertising, and personalized online promotions experienced substantial growth in sales. The research emphasized the importance of data analytics in understanding customer behavior and preferences, allowing businesses to tailor their marketing efforts effectively.

Additionally, a meta-analysis by Lutz and Swang (2020) synthesized findings from multiple studies on direct marketing effectiveness. The analysis revealed that direct marketing not only enhances immediate sales but also contributes to long-term customer loyalty and retention. The authors concluded that businesses adopting a comprehensive direct marketing approach could achieve sustainable sales growth over time.

Furthermore, a recent study by Adetunji and Ojo (2022) examined the effectiveness of direct marketing strategies, including door-to-door marketing, in the Nigerian telecommunications sector. The findings indicated that personalized marketing efforts, particularly those involving face-to-face interactions, significantly influenced customer acquisition and retention, leading to increased sales performance. This underscores the importance of direct engagement in building strong customer relationships and driving sales.

In summary, the empirical literature indicates that direct marketing, including both digital strategies and traditional methods such as door-to-door marketing, plays a vital role in enhancing sales performance. The integration of various direct marketing channels allows businesses to engage consumers effectively, leading to improved response rates, customer loyalty, and sustainable sales growth.

2.2.1. Direct Marketing in the African and Ethiopian Context

The African continent has witnessed a rapid evolution in marketing practices, with direct marketing gaining prominence as a viable strategy for enhancing sales performance. A study by Adetunji and Ojo (2018) explored the effectiveness of direct marketing in Nigeria, focusing on the telecommunications sector. The researchers found that personalized marketing messages significantly influenced customer acquisition and retention, leading to increased sales. Their findings underscored the importance of understanding local market dynamics and consumer behavior in designing effective direct marketing campaigns.

In South Africa, research by Van der Merwe and Vos (2020) examined the impact of direct marketing on small and medium-sized enterprises (SMEs). The study indicated that SMEs leveraging direct marketing techniques, such as email campaigns and targeted promotions, experienced higher sales growth compared to those relying solely on traditional marketing methods. The authors emphasized the need for SMEs to adopt direct marketing strategies to compete effectively in a crowded marketplace. Additionally, a study by Mpinganjira et al. (2021) highlighted the role of direct marketing in enhancing customer engagement and loyalty among South African consumers, further reinforcing the effectiveness of personalized marketing approaches.

Moreover, a study by Gikandi and Bloor (2021) investigated the role of social media in direct marketing across several African countries. The findings revealed that businesses utilizing social media platforms for direct marketing witnessed increased customer engagement and sales performance. The study highlighted the potential of digital channels in reaching a broader audience and driving sales, particularly among younger consumers. This aligns with the findings of a report by Statista (2022), which noted that social media advertising in Africa has seen exponential growth, with businesses increasingly recognizing its value in direct marketing efforts.

In Ethiopia, the marketing landscape has also undergone significant changes, with direct marketing becoming increasingly relevant for businesses aiming to enhance sales performance. A study by

Abebe and Dibaba (2019) focused on the impact of direct marketing practices among Ethiopian retail businesses. The researchers found that personalized marketing efforts, such as targeted promotions and customer follow-ups, led to increased sales and customer loyalty. Their study emphasized the importance of building relationships with customers through direct marketing to foster long-term engagement.

Another empirical study by Tesfaye and Melaku (2020) explored the effectiveness of mobile marketing as a direct marketing tool in Ethiopia. The research revealed that mobile marketing campaigns significantly influenced consumer purchasing decisions, particularly in urban areas. The authors noted that the growing penetration of mobile devices in Ethiopia provided an opportunity for businesses to engage directly with consumers, resulting in improved sales performance. This is supported by a study conducted by Alemayehu and Tadesse (2021), which found that mobile marketing strategies effectively reached a diverse customer base, enhancing brand visibility and sales.

Furthermore, a study by Alemayehu and Tadesse (2021) examined the challenges faced by Ethiopian businesses in implementing direct marketing strategies. The research identified barriers such as limited access to data, lack of marketing expertise, and regulatory constraints. Despite these challenges, the study concluded that businesses that effectively leveraged direct marketing techniques could achieve substantial sales growth and competitive advantage in the Ethiopian market.

The importance of this research in the Ethiopian context cannot be overstated. As Ethiopia continues to develop its economy and integrate into the global market, understanding the dynamics of direct marketing becomes essential for local businesses. The findings from these studies provide valuable insights into how Ethiopian companies can adopt effective direct marketing strategies to enhance customer engagement, drive sales, and build long-term relationships with consumers. Additionally, as the Ethiopian market becomes increasingly competitive, leveraging direct marketing can help businesses differentiate themselves and respond to the unique preferences of local consumers.

The literature reviewed indicates a consistent positive relationship between direct marketing and sales performance across various contexts. Global studies emphasize the effectiveness of personalized marketing messages and data-driven strategies in enhancing sales outcomes.

Similarly, empirical research from Africa highlights the significance of understanding local market dynamics and consumer preferences in designing effective direct marketing campaigns.

In Ethiopia, while studies underscore the potential of direct marketing, particularly through mobile marketing and personalized promotions, the limited number of research studies presents a challenge for businesses looking to optimize their marketing strategies. The existing literature indicates that challenges such as limited access to data and marketing expertise remain prevalent, necessitating targeted interventions to support businesses in adopting effective direct marketing strategies.

2.3 Theoretical Framework

The study was guided by three key theories that aim to explain the influence of direct marketing tools on sales performance. These theories include the Theory of Buyer Behavior, the Theory of Persuasion, and the Theory of DAGMAR. Each of these frameworks provides valuable insights into how direct marketing can effectively enhance sales outcomes.

A. Theory of Buyer Behavior

The Theory of Buyer Behavior, proposed by Howard and Sheth (1969), outlines the stages consumers go through when making purchasing decisions. This model emphasizes the impact of both internal factors (like personal preferences and experiences) and external factors (such as marketing communications) on consumer behavior.

In the context of this study, understanding buyer behavior is crucial for evaluating how direct marketing tools influence consumer decisions and, consequently, sales performance. Direct marketing can effectively target specific consumer segments by addressing their unique needs and preferences. Recent research by Solomon et al. (2020) highlights the importance of understanding consumer behavior in developing effective marketing strategies that drive sales.

B. Theory of Persuasion

The Theory of Persuasion focuses on how communication can influence attitudes and behaviors. Grounded in social psychology, this theory outlines key principles that affect the effectiveness of persuasive messages, including credibility, emotional appeal, and message framing. According to Cialdini (2016), persuasive communication can significantly impact consumer decisions, especially when it aligns with the audience's values and beliefs.

In this study, the Theory of Persuasion is relevant for understanding how direct marketing tools can be designed to persuade consumers to take action, such as making a purchase. By employing persuasive techniques through direct marketing campaigns, marketers can enhance their effectiveness in driving sales. Recent findings by Pratkanis and Aronson (2020) support the idea that persuasive strategies in marketing communications can lead to increased consumer engagement and sales performance.

C. Theory of DAGMAR

The DAGMAR (Defining Advertising Goals for Measured Advertising Results) model, developed by Russell Colley in 1961, emphasizes the importance of setting specific, measurable objectives for advertising campaigns. The model outlines four key stages in the consumer decision-making process: Awareness, Comprehension, Conviction, and Action.

In the context of this study, the Theory of DAGMAR provides a structured approach to evaluating the effectiveness of direct marketing campaigns. By focusing on measurable outcomes, marketers can assess how well their direct marketing tools achieve the desired results in terms of consumer awareness and sales performance. Recent research by McDonald and Mounce (2021) supports the relevance of the DAGMAR model in modern marketing practices, particularly in establishing clear objectives for marketing communications that lead to improved sales.

This study utilizes these three theories—Theory of Buyer Behavior, Theory of Persuasion, and Theory of DAGMAR—to explore the influence of various direct marketing tools on sales performance. By integrating these frameworks, the study aims to provide a comprehensive understanding of how direct marketing can effectively enhance sales outcomes, foster customer loyalty, and improve overall marketing strategies.

2. 4 Conceptual Framework

The conceptual framework for this study will analyze the relationship between different direct marketing strategies (Direct Mail Marketing, Mobile Marketing, Social Media Marketing, Email Marketing, and Door-to-Door Marketing) and their impact on sales performance.

Variables:

1. Independent Variables (Direct Marketing Strategies/Tools):

- **Direct Mail Marketing:** Sending physical promotional materials (e.g., brochures, catalogs) to customers.

- **Mobile Marketing:** Using SMS, push notifications, or mobile apps to engage customers.
- **Social Media Marketing:** Leveraging platforms like Facebook, WhatsApp, Instagram, and Twitter for targeted campaigns.
- **Email Marketing:** Sending personalized emails with offers, updates, and promotions.
- **Door-to-Door Marketing:** Directly engaging customers through in-person visits or distribution of materials.

2. **Dependent Variable:**

- **Sales Performance:** Measured through metrics such as revenue growth, customer acquisition, retention rates, and market share.

Moderating Variable

Customer satisfaction: could have been considered and used as a moderating variable in this research. However, due to its broad scope, which would require additional resources, and to avoid unnecessary complexity while maintaining the comprehensive nature of the study, it was decided, in consultation with the thesis advisor, to omit customer satisfaction as a moderating variable. Instead, the research focuses on contextual and moderating factors such as customer responses and the challenges businesses face when implementing direct marketing strategies. This approach ensures the research remains meaningful, coherent, and aligned with its objectives.

Contextual & Moderating Effects/Factors

By incorporating **customer response** (the reaction of customers to the marketing strategies (e.g., engagement, positive feedback, purchase intent) and **challenges of direct marketing strategies** (the obstacles businesses face when implementing direct marketing; e.g., cost, targeting issues, technological limitations), this framework provides a comprehensive understanding of how direct marketing impacts sales performance at PURATOS Ethiopia, while addressing real-world barriers and contextual influences. The objectives, research questions, conceptual framework and hypotheses are designed to guide a thorough investigation and offer actionable insights for optimizing marketing strategies.

The conceptual framework illustration is presented below:

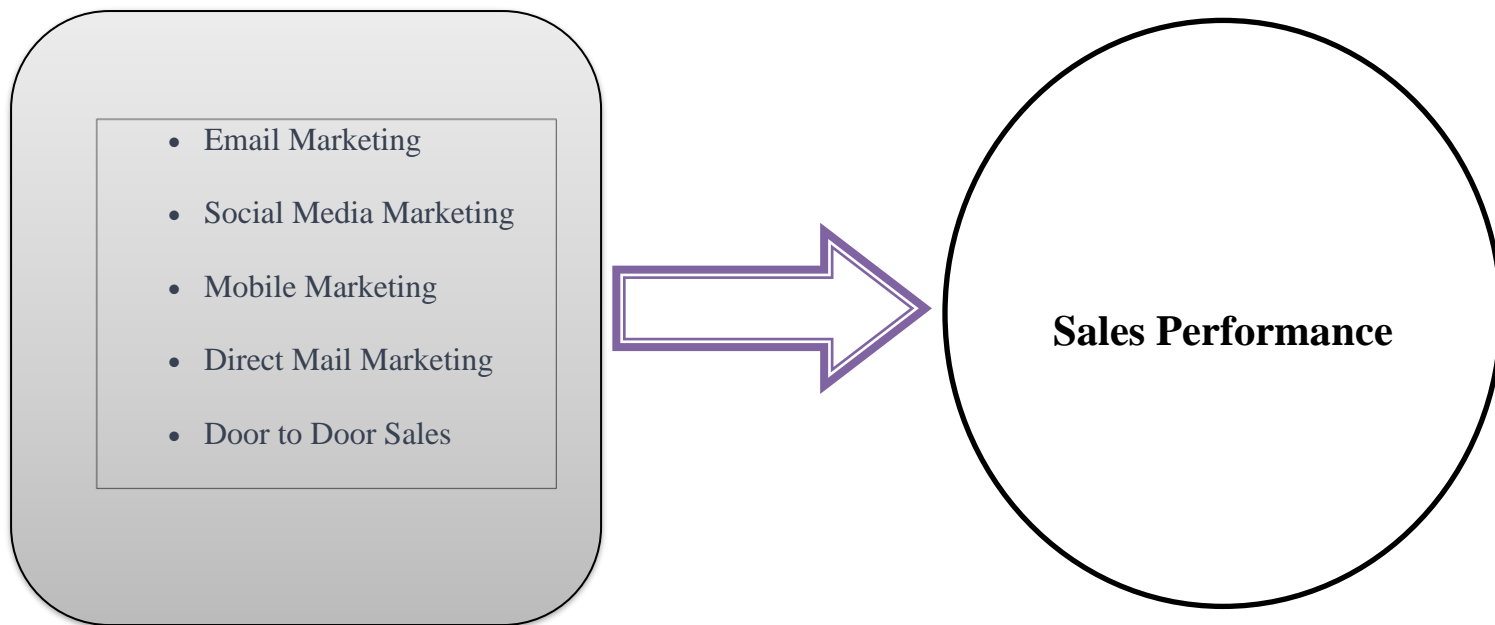


Figure 1. Conceptual framework of the study

Source: Own Design (2024)

The conceptual framework illustrates the relationship between direct marketing strategies and sales performance metrics, highlighting how effective marketing approaches can lead to improved sales outcomes.

Direct Marketing Strategies/Tools: form the foundation for engaging customers. By employing personalized marketing messages and multi-channel approaches—including email, social media, mobile marketing, direct mail, and door-to-door sales—businesses can reach consumers through various touchpoints, enhancing sales performance.

Sales Performance Metrics: represent the measurable outcomes resulting from these direct marketing strategies. By tracking metrics such as revenue growth, customer acquisition and retention rates, and sales volume, organizations can evaluate the effectiveness of their marketing efforts. This data-driven approach enables informed decision-making and optimization of marketing strategies.

2. 5 Research Hypothesis

H1: Direct Mail Marketing has a positive effect on the sales performance of PURATOS Ethiopia

H2: Mobile Marketing positively influences customer engagement and contributes to increased sales for PURATOS Ethiopia

H3: Social-Media Marketing significantly enhances brand visibility and positively impacts the sales performance of PURATOS Ethiopia

H4: Email Marketing leads to higher customer retention rates and positively affects sales performance at PURATOS Ethiopia

H5: Door-to-Door Marketing, although more traditional, has a measurable & positive effect on sales performance at PURATOS Ethiopia

H6: Positive customer responses (e.g., engagement, feedback, and satisfaction) significantly impacts the relationship between direct marketing strategies and sales performance at PURATOS Ethiopia

H7: The challenges associated with the implementation of direct marketing strategies affects sales performance at PURATOS Ethiopia

CHAPTER THREE

METHODOLOGY OF THE STUDY

3.1 Research Design

This study employs a **descriptive research design** utilizing a survey approach to investigate the influence of direct marketing tools on sales performance at PURATOS Ethiopia Food Industry S.C. This design is particularly suitable for capturing detailed information about the current state of direct marketing practices and their impact on sales performance.

The descriptive research design is effective for providing a comprehensive overview of a phenomenon, allowing researchers to describe the characteristics of a population or situation (Creswell, 2014). By employing a structured questionnaire, the study will gather quantitative data from customers and employees regarding their experiences and perceptions of direct marketing strategies. This quantitative approach is essential for drawing valid conclusions about the impact of direct marketing tools on sales performance, as it facilitates the quantification of responses and enables statistical analysis to identify patterns, relationships, and trends (Fowler, 2014).

Furthermore, descriptive research is particularly useful for assessing the current state of practices within a specific context, providing a foundation for future research and strategic decision-making (Robson, 2011). By focusing on the present circumstances at PURATOS Ethiopia, this study aims to inform actionable insights that can enhance marketing effectiveness. The findings will contribute to a better understanding of how direct marketing strategies influence sales performance, ultimately guiding organizations in optimizing their marketing efforts.

In summary, the descriptive research design with a survey approach is well-suited for this study, as it allows for a thorough investigation of the influence of direct marketing tools on sales performance at PURATOS Ethiopia Food Industry S.C. By leveraging quantitative data, the research aims to provide valuable insights that can guide marketing strategies and improve overall business performance

3.2 Research Approach

This study adopted a **quantitative research approach** to investigate the influence of direct marketing tools on sales performance at PURATOS Ethiopia Food Industry S.C. The quantitative approach was particularly suitable for this research as it allowed for the systematic collection and

analysis of numerical data, enabling the identification of patterns, relationships, and trends related to the effectiveness of direct marketing strategies (Creswell, 2014).

The primary method of data collection involved structured surveys administered to a representative sample of customers from different segments, including bakeries, cafés, hotels, and supermarkets, as well as employees such as marketing team members and sales personnel. This approach facilitated the gathering of measurable data regarding participants' experiences and perceptions of direct marketing practices. By employing closed-ended questions, the study quantified responses, which were analyzed statistically to derive meaningful insights into how direct marketing tools impacted sales performance (Fowler, 2014).

Utilizing a quantitative approach also allowed for the application of statistical techniques to assess the relationships between variables, such as the effectiveness of different direct marketing strategies and their corresponding effects on sales metrics. This data-driven methodology was essential for making informed decisions and recommendations based on empirical evidence (Robson, 2011).

In summary, the quantitative research approach was well-suited for this study as it provided a robust framework for examining the influence of direct marketing tools on sales performance. By focusing on numerical data and statistical analysis, the research aimed to contribute valuable insights to the field of marketing.

3.3 Sample Size and Sampling Techniques

3.3.1 Population

The general population for this study consists of customers and employees associated with PURATOS Ethiopia Food Industry S.C. The customer population includes approximately 800 individuals from various segments, such as bakeries, cafés, hotels, supermarkets, and catering businesses, who engage with the company's direct marketing efforts. According to Creswell (2014), defining the population accurately is crucial for ensuring that the research findings are relevant and applicable to the intended audience. The employee population comprises 15 office staff members involved in marketing, sales, and customer relations. Factory workers, totaling 11, are excluded from this study, as the focus is specifically on those directly engaged in customer-facing roles and marketing activities.

3.3.2 Sample Size

Determining the appropriate sample size was a critical step in ensuring the reliability and validity of the study's findings. For the research involving PURATOS Ethiopia Food Industry S.C., the sample size was calculated separately for employees and customers, recognizing the distinct characteristics and roles of these populations. The total workforce at PURATOS Ethiopia comprised 26 employees, including 15 office staff and 11 factory workers. For the purposes of this study, all 15 office staff members were identified as directly relevant to the research objectives, while the factory workers were excluded. This targeted approach facilitated the collection of focused insights from individuals who possessed the most pertinent knowledge and experience regarding the impact of direct marketing tools on sales performance. Engaging this specific group ensured that their perspectives were comprehensively represented, thereby enhancing the depth and quality of the data collected (Creswell, 2014).

The target population for this study encompassed all potential and existing customers of PURATOS Ethiopia Food Industry S.C. in Addis Ababa, which totaled approximately 800 individuals. To determine the appropriate sample size for this customer population, Yamane's formula was employed. This formula is widely recognized in research methodology for calculating the sample size necessary to achieve a specific level of precision or margin of error. The formula is expressed as follows:

$$n = N \div \{1 + [N \times e^2]\}$$

In this equation, (n) represented the sample size, (N) was the total target population of 800 customers, and (e) denoted the standard error, which was set at five percent. Consequently, the sample size was calculated as follows:

$$n = 800 \div [1 + (800 \times (5\%)^2)] = 266, \text{ approximately}$$

By employing these rigorous methods, the study effectively gathered data from all identified office staff while ensuring a statistically valid representation of the customer base. This was achieved through the use of stratified sampling, which allowed for the inclusion of diverse customer segments, such as bakeries, cafés, hotels, and supermarkets. By ensuring that the sample reflected the various characteristics of the overall customer population, the study was able to draw meaningful conclusions about the impact of direct marketing tools on sales performance. This comprehensive sampling strategy ultimately facilitated a thorough analysis of the impact of direct

marketing tools on sales performance at PURATOS Ethiopia Food Industry S.C., contributing valuable insights to the field of marketing.

3.4 Source of Data

The data for this study was collected from two key sources: primary data and secondary data. Each source was meticulously selected to provide comprehensive insights into the influence of direct marketing tools on sales performance at PURATOS Ethiopia Food Industry S.C. Primary data was obtained directly from two critical stakeholder groups: employees and customers of PURATOS Ethiopia Food Industry S.C. Structured surveys served as the primary data collection method, offering a systematic approach to gathering quantitative and qualitative insights. For employees, tailored questionnaires were used to explore their perceptions of direct marketing tools and their effectiveness in driving sales performance. This approach adheres to Creswell's (2014) guidelines for structured surveys, ensuring the collection of reliable and valid data from defined populations. Similarly, customer surveys were conducted to assess their experiences, satisfaction levels, and reactions to the company's marketing strategies. Engaging directly with these participants provided timely and relevant information essential for addressing the study's objectives (Fowler, 2014).

Secondary data was sourced through a comprehensive analysis of existing records and external literature. Internally, this included examining sales performance reports, marketing strategies, and customer feedback documentation maintained by PURATOS Ethiopia Food Industry S.C. Externally, secondary data was drawn from academic journals, industry reports, and market studies related to direct marketing practices and the food Manufacturing sector. This approach aligns with Saunders, Lewis, and Thornhill's (2016) framework for secondary data analysis, which highlights its importance in enriching primary findings and situating them within broader market dynamics. Secondary sources also allowed for cross-validation of primary data, as advocated by Yin (2014), ensuring a robust foundation for the study's conclusions.

By utilizing both primary and secondary data, the study incorporated a diverse range of perspectives, enhancing the credibility and depth of its findings. According to Robson and McCartan (2016), the integration of multiple data sources is crucial for triangulating results and strengthening the validity of research conclusions. This mixed-methods approach not only captured employee and customer insights but also contextualized these findings within the wider

Manufacturing landscape. By doing so, the study achieved a nuanced understanding of the role of direct marketing tools in influencing sales performance at PURATOS Ethiopia Food Industry S.C.

3.5 Methods of Data Collection

The data collection methods for this study were meticulously designed to provide a comprehensive understanding of the impact of direct marketing tools on sales performance at PURATOS Ethiopia Food Industry S.C. A quantitative research approach was adopted, with structured surveys serving as the primary data collection method to ensure consistency, reliability, and relevance.

Structured surveys were employed to gather quantitative data from two key groups: employees and customers. The surveys consisted of closed-ended questions crafted to evaluate perceptions, experiences, and satisfaction levels associated with direct marketing strategies. For employees, the survey focused on their perspectives regarding the effectiveness of various direct marketing tools and their perceived contribution to improving sales performance. On the other hand, the customer survey sought to capture experiences with PURATOS's marketing efforts, including their responses to promotional activities and overall satisfaction with the company's products. The structured nature of the surveys facilitated uniform responses, enabling a robust analysis of trends and relationships.

To maximize participation and ensure accessibility, surveys were distributed through multiple channels tailored to the specific groups. Customer surveys were disseminated via email and Telegram, providing convenient digital access and enhancing participation across a broader demographic. This approach also allowed for timely responses and minimized logistical barriers. For employees, surveys were distributed through direct hand delivery. This method ensured that each staff member received the survey personally, which increased response rates and provided an opportunity to clarify any questions regarding the content.

In addition to surveys, secondary data was collected through document analysis. This involved a comprehensive review of existing records and reports from PURATOS Ethiopia Food Industry S.C., including sales reports, marketing materials, customer feedback forms, and internal reports on marketing strategies. The document analysis provided contextual and historical insights into the company's marketing efforts and sales performance. By triangulating this information with primary data, the study gained a deeper understanding of the trends and dynamics influencing the effectiveness of direct marketing strategies.

3.6 Data Analysis

Data analysis plays a pivotal role in research, enabling the meaningful interpretation of collected information. In this study, a structured approach was employed to analyze quantitative data obtained through surveys administered to employees and customers. Statistical analysis was conducted using software tools such as SPSS (Statistical Package for the Social Sciences) to ensure accurate and comprehensive insights.

The process began with data cleaning and preparation to ensure the integrity of the dataset. This step involved identifying and addressing missing values, outliers, and inconsistencies. Incomplete responses were handled by either excluding them from the analysis or employing suitable imputation techniques where appropriate to maintain data accuracy.

Descriptive statistics were computed to provide an overview of the dataset and summarize respondent characteristics. Metrics such as means, medians, modes, standard deviations, and frequency distributions were calculated. These measures offered valuable insights into general trends and patterns, serving as a foundation for deeper analysis.

To investigate the relationship between direct marketing strategies and sales performance, inferential statistical techniques were applied. Correlation analysis was conducted to assess the strength and direction of relationships between variables, while regression analysis was utilized to determine the influence of specific direct marketing tools on sales performance indicators. These techniques allowed the study to test hypotheses and derive conclusions about the effectiveness of marketing efforts.

Comparative analyses were also performed to identify variations in responses across different customer segments and employee groups. Analytical methods such as ANOVA (Analysis of Variance) were employed to detect statistically significant differences based on demographic factors or other relevant variables.

The results of the analyses were interpreted in alignment with the study's objectives, emphasizing key findings and their implications for direct marketing practices at PURATOS Ethiopia. The interpretation aimed to generate actionable insights that could inform marketing strategies and contribute to enhanced sales performance.

To ensure clarity and accessibility, the findings were presented in a comprehensive report, complete with visual representations such as charts, graphs, and tables. This format was designed to facilitate stakeholder understanding and support informed decision-making. By adopting a

meticulous and systematic data analysis approach, the research sought to generate valuable insights into the effectiveness of direct marketing strategies at PURATOS Ethiopia Food Industry S.C., ultimately contributing to more informed and strategic marketing decisions.

3.7. Validity and Reliability

Ensuring the validity and reliability of research findings is essential for establishing the credibility and trustworthiness of the study. In this research, several strategies were employed to enhance both the validity and reliability of the data collected from employees and customers of PURATOS Ethiopia Food Industry S.C.

Validity refers to the extent to which the research instruments measure what they are intended to measure. To enhance the validity of the survey instruments, a thorough literature review was conducted to inform the development of the questionnaires. This ensured that the questions were grounded in existing research and relevant to the study's objectives. Additionally, the questionnaires underwent a pilot testing phase with a small sample of employees and customers to identify any ambiguities or misunderstandings in the questions. Feedback from this pilot test was used to refine the instruments before the full-scale data collection commenced. Furthermore, construct validity was addressed by ensuring that the survey items accurately reflected the theoretical constructs of direct marketing tools and sales performance. Expert reviews from academic and industry professionals were also sought to evaluate the relevance and clarity of the survey items, thereby reinforcing the validity of the research instruments.

Reliability, on the other hand, refers to the consistency and stability of the measurement instruments. To assess the reliability of the survey instruments, Cronbach's alpha was calculated for the scales used in the questionnaires. A Cronbach's alpha value of 0.70 or higher was considered indicative of acceptable internal consistency among the items. Additionally, test-retest reliability was evaluated by administering the same survey to a subset of participants at two different points in time and comparing the results. This approach helped determine the stability of the responses over time. For qualitative data obtained from any open-ended questions in the surveys, reliability was enhanced through the use of consistent coding protocols during data analysis, ensuring that the interpretation of responses was systematic and replicable.

By implementing these strategies for validity and reliability, the study aimed to produce robust and credible findings regarding the impact of direct marketing tools on sales performance at PURATOS Ethiopia Food Industry S.C. Ensuring the integrity of the research instruments not only enhanced the overall quality of the study but also contributed to meaningful conclusions and recommendations that could inform future marketing strategies.

Table 3.1 Reliability Statistic

Number of Item	Cronbach's Alpha
DMT	.709
PT	.731
CLR	.796
CSL	.729

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

In this chapter, the findings from the research conducted to evaluate the influence of direct marketing tools on sales performance at PURATOS Ethiopia Food Industry S.C will be presented. The primary objective of this study was to assess how various direct marketing strategies impact customer engagement, purchasing behavior, and overall sales performance within the context of the Ethiopian food manufacturing sector.

To achieve this, a quantitative research approach was employed, utilizing structured surveys administered to both customers and employees of PURATOS Ethiopia. The data collected provides valuable insights into the effectiveness of direct marketing tools, customer responses, and the challenges faced in implementing these strategies.

By systematically presenting and analyzing the data, this chapter aims to contribute to a deeper understanding of how direct marketing strategies can be optimized to enhance sales performance in the Ethiopian market, ultimately supporting the company's growth and competitive positioning in the food manufacturing sector.

4.1 Response Rate

A total of 254 responses out of the 266 customer and a total of 15 out of 15 employee questionnaires sent out were received, achieving an acceptable response rate of 95.5% customer and 100% employee and all the questionnaires were edited and checked for completeness and used in the data analysis. And the remaining 12 data were not return in the customer side.

4. 2 Background of the respondents

The demographic data of the respondents were analyzed using descriptive statistics to provide a comprehensive overview of the sample population. This included calculating frequencies and percentages for various characteristics such as gender, age group, customer type, and purchasing frequency for customers, as well as gender, age group, department, and years of experience for employees. The results of this analysis are presented in the previous section, highlighting the diverse backgrounds of the respondents.

4.2.1. Customers Background of Respondents

Characteristics	Category	Frequency	Percentage
Gender	Male	114.3	45%
	Female	139.7	55%
	Total	254	100%
Age Group	18-25	48.26	19%
	26-35	86.36	34%
	36-45	66.04	26%
	46-55	38.1	15%
	56 and above	15.24	6%
	Total	254	100%
	Customer Type	Bakery	76.2
	Café	58.4	23%
	Hotel	48.26	19%
	Supermarket	38.1	15%
	Catering Business	20.32	8%
	Individual Consumer	12.7	5%
	Total	254	100%
Frequency of Purchasing	First-time customer	38.1	15%
	Occasional (1-2 times per year)	58.4	23%
	Regular (Quarterly)	66	26%
	Frequent (Monthly)	53.3	21%
	Very Frequent (Weekly)	38.1	15%
	Total	254	100%

The customer respondents comprised a total of 254 individuals, reflecting a diverse demographic profile.

- **Gender:** The majority of the respondents were female (55%), while males accounted for 45%. This gender distribution indicates a slightly higher engagement from female customers, which may influence purchasing behaviours and preferences.
- **Age Group:** The age distribution of the customers shows that the largest segment falls within the 26-35 age range (34%), followed by the 36-45 age group (26%). This suggests that PURATOS Ethiopia's customer base is predominantly composed of young to middle-aged adults, who are likely to be more receptive to direct marketing strategies.
- **Customer Type:** The respondents represented various customer types, with bakeries (30%) and cafés (23%) being the most common. This diversity highlights the broad market reach of PURATOS Ethiopia and the relevance of its direct marketing efforts across different sectors.
- **Frequency of Purchasing:** The purchasing frequency indicates that a significant portion of customers are regular buyers, with 26% purchasing quarterly and 21% purchasing monthly. This suggests a strong customer loyalty and engagement with the brand.

4.2.2. Employees Background of Respondents

Characteristics	Category	Frequency	Percentage
Gender	Male	10	67%
	Female	5	33%
	Total	15	100%
Age Group	18-25	2	13%
	26-35	5	33%
	36-45	4	27%

	46-55	3	20%
	56 and above	1	7%
	Total	15	100%
Department	Marketing	5	33%
	Sales	6	40%
	Customer Relations	3	20%
	Management	1	7%
	Total	15	100%
Years of Experience	Less than 1 year	2	13%
	1-3 years	5	33%
	4-6 years	4	27%
	7-10 years	3	20%
	More than 10 years	1	7%
	Total	15	100%

The employee respondents consisted of 15 individuals, providing insights from those directly involved in marketing and sales activities at PURATOS Ethiopia.

- **Gender:** Among the employees, a majority were male (67%), while females accounted for 33%. This gender distribution may reflect the overall workforce composition within the company.
- **Age Group:** The age distribution of employees indicates that the largest group is aged 26-35 (33%), followed by those aged 36-45 (27%). This suggests a relatively young

workforce, which may contribute to innovative marketing strategies and adaptability in a competitive market.

- **Department:** The employees represented various departments, with the largest proportion working in sales (40%) and marketing (33%). This distribution is significant as it indicates that the insights gathered are from individuals who are directly engaged in implementing direct marketing strategies.
- **Years of Experience:** The experience level among employees varied, with 33% having 1-3 years of experience at PURATOS Ethiopia. This relatively short tenure may suggest a dynamic work environment with opportunities for new ideas and approaches in marketing.

The demographic data reveals a diverse group of respondents, with a majority of customers being female (55%) and aged between 26-35 years (34%). The customer base is primarily composed of individuals from bakeries (30%) and cafés (23%). Among employees, the majority are male (67%) and predominantly work in sales (40%) and marketing (33%). The experience level of employees varies, with a significant portion having 1-3 years of experience (33%). This background information is crucial for interpreting the findings of the study, as it reflects the perspectives and experiences of different stakeholder groups within PURATOS Ethiopia.

4.2 Analysis of Collected Data

In this section, analysis of the data collected from both customers and employees of PURATOS Ethiopia Food Industry S.C. The analysis follows the research methodology outlined in previous chapters, focusing on the relationships between direct marketing tools and sales performance.

As per the employed research methodology, demographic data and frequencies of respondents were analysed using descriptive statistics. Each research question was addressed through this statistical approach, providing a clear understanding of the respondents' perceptions and experiences regarding direct marketing strategies.

To explore the relationships between the dependent variable (sales performance) and independent variables (direct marketing tools), correlation analysis was conducted. This analysis aimed to identify the strength and direction of relationships between various direct marketing strategies and their impact on sales performance metrics.

Furthermore, multiple regression analysis was applied to assess the combined effects of multiple independent variables on the dependent variable. This statistical technique allowed for a deeper

understanding of how different direct marketing tools, such as email marketing, social media campaigns, and direct mail, predict sales performance outcomes.

The data were processed using SPSS version 23, a robust statistical software package that facilitated the input and analysis of the collected data. Prior to conducting the analyses, all statistical requirements were tested to ensure the validity and reliability of the data. This included checking for normality, linearity, and homoscedasticity, which are essential assumptions for regression analysis.

4.2.1 Descriptive Data Analysis of Customers of PURATOS Ethiopia Food Industry S.C

In this subsection, the descriptive data analysis based on the responses collected from the questionnaires administered to both customers and employees of PURATOS Ethiopia Food Industry S.C will be presented. The analysis focuses on summarizing key findings from the survey responses, particularly regarding the effectiveness of direct marketing tools, with a notable emphasis on door-to-door marketing.

Table 4.2.1.1 : Direct Marketing Channels Experienced by Customers

Descriptive Statistics			
	N	Mean	Std. Deviation
I am aware of the various direct marketing tools (e.g., email marketing, social media campaigns, direct mail, door to door marketing {personal visits by sales representatives} used by PURATOS Ethiopia’	254	3.2205	.84267
The direct marketing tools used by PURATOS Ethiopia effectively communicates the benefits of their products.	254	2.9843	.96977
The direct marketing tools employed by PURATOS Ethiopia effectively targets my specific needs and preferences as a customer	254	3.6063	1.06439

The direct marketing tools used by PURATOS Ethiopia provide me with sufficient information to make informed purchasing decisions. .	254	3.0394	.97317
The variety of direct marketing tools used by PURATOS Ethiopia enhances my overall shopping experience and encourages me to try new products.	254	3.5236	.98879
Grand mean of Direct Marketing Channels	254	3.2748	.54569

Table 4.2.1.1 presents descriptive statistics on customer experiences with direct marketing channels used by PURATOS Ethiopia, Accordingly, the data shows that customers have a moderate awareness of various direct marketing tools, with a mean score of 3.22, indicating a fair level of familiarity. They perceive the effectiveness of these tools in communicating product benefits slightly lower, with a mean of 2.98. However, customers feel that the marketing tools are relatively effective in addressing their specific needs, scoring an average of 3.61. Furthermore, the tools provide sufficient information for making informed purchasing decisions, reflected in a mean of 3.04. Customers also appreciate the variety of direct marketing methods, which enhances their shopping experience and encourages product exploration, scoring an average of 3.52. Therefore, the grand mean for customer experiences with direct marketing channels stands at 3.27, suggesting a generally positive perception of PURATOS Ethiopia's direct marketing efforts.

4.2.1.2 Customer Response to Personalization and Targeting

Table 4.2.1.2 Customer Response to Personalization and Targeting

Descriptive Statistics			
	N	Mean	Std. Deviation
The marketing communications feel personalized to my business type.	254	3.1654	.95565
Marketing representatives understand my specific business context.	254	3.2008	.98358
The marketing approach adapts to my feedback and preferences.	254	3.3937	.99531

I feel the marketing is targeted rather than generic.	254	3.3583	1.02614
The marketing approach demonstrates an understanding of my industry.	254	3.2638	.96853
Grand mean of Personalization and Targeting	254	3.2764	.53877

Table 4.2.1.2 illustrate customer responses regarding personalization and targeting in marketing communications at PURATOS Ethiopia. The findings indicate that customers generally perceive the marketing communications as somewhat personalized to their specific business types, with a mean score of 3.17. Additionally, respondents feel that marketing representatives have a fair understanding of their unique business contexts, reflected in a mean of 3.20. There is a slightly stronger sentiment that the marketing approach adapts to customer feedback and preferences, which received a mean score of 3.39. Customers also believe that the marketing is more targeted than generic, as indicated by a mean of 3.36. Furthermore, the approach demonstrates an understanding of the customers' industries, scoring an average of 3.26. Therefore, the grand mean for the personalization and targeting aspect stands at 3.28, telling a positive perception of how well PURATOS Ethiopia adapts its marketing efforts to meet the needs of its customers.

4.2.1.3 Customer Loyalty and Repeat of Purchases

Descriptive Statistics			
	N	Mean	Std. Deviation
I feel a sense of loyalty to PURATOS Ethiopia due to the personalized interactions I have experienced with their marketing representatives.	254	3.1339	.97285

I am likely to continue purchasing from PURATOS Ethiopia in the future because of the positive experiences I have had with their marketing approach.	254	3.2087	.97385
The marketing communications I receive from PURATOS Ethiopia enhance my loyalty to the brand.	254	3.3622	1.01116
Based on my experiences with PURATOS Ethiopia's marketing efforts, I would recommend their products to others.	254	3.3819	1.00189
I believe that PURATOS Ethiopia genuinely values its customers, which encourages me to remain a loyal buyer.	254	3.2677	.97761
Grand mean of Customer Loyalty and Repeat of Purchases	254	3.2811	.62279

Table 4.2.1.3 presents customer loyalty and the repeat purchases at PURATOS Ethiopia. The results indicate that customers feel a moderate sense of loyalty to the brand, attributed to personalized interactions with marketing representatives, scoring an average of 3.13. They express a likelihood of continuing to purchase from PURATOS Ethiopia due to positive past experiences, with a mean of 3.21. The marketing communications play a significant role in enhancing customer loyalty, reflected in a mean score of 3.36. Additionally, respondents are inclined to recommend PURATOS Ethiopia's products to others, with a mean of 3.38. Customers believe that the company genuinely values its clientele, which fosters loyalty, yielding a mean of 3.27. In general, the grand mean for customer loyalty and repeat purchases stands at 3.28, suggesting a generally good perception of PURATOS Ethiopia's ability to promote loyalty among its customers.

Table 4.2.1.4 Challenges and Satisfaction Levels

Descriptive Statistics			
	N	Mean	Std. Deviation

I have encountered challenges in understanding the direct marketing communications from PURATOS Ethiopia.	254	3.5945	.87845
I feel that my satisfaction with PURATOS Ethiopia's products is influenced by their direct marketing strategies	254	2.9606	1.05127
I am satisfied with the overall quality of products offered by PURATOS Ethiopia as a result of their direct marketing efforts.	254	3.4764	.85131
I am likely to continue engaging with PURATOS Ethiopia based on their direct marketing communications.	254	3.2126	.95867
I believe that PURATOS Ethiopia's direct marketing efforts enhance my overall customer experience.	254	3.1378	1.11436
Grand mean of Challenges and Satisfaction Levels	254	3.2677	.56637

Table 4.2.1.4 demonstrate the challenges and satisfaction levels experienced by customers regarding direct marketing communications from PURATOS Ethiopia. The data reveals that customers have encountered some challenges in understanding these communications, with a mean score of 3.59 indicating a notable level of difficulty. On the other hand, their satisfaction with PURATOS Ethiopia's products appears to be less influenced by direct marketing strategies, scoring an average of 2.96. However, customers generally express satisfaction with the quality of the products offered, reflected in a mean of 3.48, suggesting that product quality is appreciated regardless of marketing efforts. Furthermore, customers show a willingness to continue engaging with PURATOS Ethiopia based on their direct marketing communications, with a mean score of 3.21. They also feel that these marketing efforts enhance their customer experience, scoring 3.14. The grand mean for challenges and satisfaction levels stands at 3.27, indicating a mixed but generally positive perception of the impact of direct marketing on customer satisfaction.

Table 4.2.1.5 Influence of Direct Marketing on Sales Performance

Descriptive Statistics

	N	Mean	Std. Deviation
Direct marketing efforts from PURATOS Ethiopia have led me to purchase more frequently.	254	3.1063	.90700
I have tried new products from PURATOS Ethiopia because of their marketing promotions.	254	3.0787	.97483
The marketing communications I receive influence my decision to choose PURATOS products over competitors	254	3.6220	1.04393
I believe that direct marketing has increased my overall spending on PURATOS products	254	3.0472	.94395
I feel that the promotions offered through direct marketing provide good value for my purchases.	254	3.5039	.98906
Grand mean of Sales Performance	254	3.2717	.57791

Table 4.2.1.5 presents the influence of direct marketing on sales performance for PURATOS Ethiopia; hence, the findings suggest that customers feel the direct marketing efforts have somewhat increased their purchasing frequency, with a mean score of 3.11. Additionally, a mean of 3.08 indicates that marketing promotions have encouraged customers to try new products. Notably, customers believe that the marketing communications significantly influence their decisions to choose PURATOS products over competitors, reflected in a higher mean of 3.62. While the perception that direct marketing has led to increased, they're for spending on PURATOS products is slightly lower, at 3.05, customers generally feel that the promotions provide good value for their purchases, scoring a mean of 3.50. Therefore, the grand mean for the influence of direct marketing on sales performance is 3.27, indicating a positive perception of how these marketing strategies impact purchasing behaviour and sales outcomes.

4.2.2 Descriptive Data Analysis of Employees of PURATOS Ethiopia Food Industry S.C

4.2.2.1 Direct Marketing Tools Effectiveness

Descriptive Statistics			
	N	Mean	Std. Deviation
Our direct marketing tools comprehensively cover diverse customer segments	15	3.0000	1.00000
We effectively leverage customer data in marketing strategies	15	2.9333	.70373
Our marketing communication strategies are adaptable to customer feedback	15	2.6667	.97590
The marketing tools we use enable personalized customer interactions	15	2.4000	.63246
Our Direct marketing approaches provide clear competitive advantages	15	3.0000	1.25357
Grand mean of Direct Marketing Tools Effectiveness	15	3.3733	.26313

Table 4.2.2.1 shows that, the effectiveness of direct marketing tools was assessed through descriptive statistics involving 15 participants, revealing a range of insights. On a scale where higher values indicate stronger agreement, respondents rated the comprehensiveness of tools in covering diverse customer segments at a mean of 3.00, highlighting a strong presence in this area. The ability to leverage customer data in marketing strategies was slightly lower at 2.93, suggesting room for improvement. Adaptability of marketing communication strategies to customer feedback scored 2.67, indicating a need for more responsiveness. Personalized customer interactions were rated even lower at 2.40, pointing to a gap in customization. However, the respondents felt that direct marketing approaches offer clear competitive advantages, again scoring 3.00. Therefore, the grand mean for the effectiveness of these tools stood at 3.37, suggesting a generally positive perception but also highlighting areas that could benefit from enhancements.

4.2.2.2 Customer Response to Direct Marketing

Descriptive Statistics			
	N	Mean	Std. Deviation
Our direct marketing approaches effectively capture customer attention	15	1.7333	.88372
Customers respond positively to our direct marketing approaches that highlight product value	15	2.2000	.94112
Our Personal interactions overcome customer hesitations more effectively than other marketing methods	15	2.8667	1.06010
Customers are more likely to make purchases after experiencing our direct marketing interactions	15	2.8000	1.08233
We can predict customer buying behavior through our marketing communication approaches	15	3.2000	.94112
Grand mean of Customer Response to Direct Marketing	15	3.3733	.26313

The above table, Table 4.2.2.2 demonstrate that, analysis of customer response to direct marketing and it reveals some critical insights from the participants. The effectiveness of direct marketing approaches in capturing customer attention was rated quite low with a mean of 1.73, indicating a struggle in this area. However, when it comes to emphasizing product value, customers responded more favourably, scoring 2.20. Interestingly, personal interactions were seen as more effective in alleviating customer hesitations compared to other methods, achieving a mean of 2.87. Additionally, there was a moderate positive response, with a mean of 2.80, reflecting that customers are likely to make purchases after engaging with direct marketing. Particularly, the ability to predict customer buying behaviour through marketing communication scored higher at 3.20, suggesting that there is some confidence in understanding customer patterns. Therefore, the grand mean for customer response to direct marketing stood at 3.37, indicating a generally positive, though careful, perception of these strategies.

4.2.2.3 Challenges Faced in Direct Marketing Activities

Descriptive Statistics			
	N	Mean	Std. Deviation
Our marketing strategies effectively manage the complexity of customer information processing	15	3.3333	1.11270
We successfully manage the high communication costs associated with direct marketing	15	3.0667	1.16292
Customer privacy concerns limit the effectiveness of our direct marketing efforts.	15	3.1333	1.18723
Technology integration poses barriers to our direct marketing strategies	15	2.8000	.94112
Competition from other companies presents challenges for our direct marketing success.	15	3.0000	.92582
Grand mean of Challenges Faced in Direct Marketing Activities	15	2.2667	.70373

The result of the above table, Table 4.2.2.3 indicate that, challenges faced in direct marketing activities highlights several key issues. Respondents rated the effectiveness of marketing strategies in managing the complexity of customer information processing at a mean of 3.33, indicating a reasonable level of success in this area. The ability to manage the high communication costs associated with direct marketing was slightly lower at 3.07, suggesting ongoing challenges. Customer privacy concerns were noted as a significant limitation on the effectiveness of direct marketing efforts, scoring 3.13. In contrast, technology integration was viewed as a more pressing barrier, with a mean of 2.80, pointing to difficulties in adopting necessary tools. Additionally, competition from other companies was acknowledged as a challenge, receiving a score of 3.00.

Therefore, the grand mean for challenges faced in direct marketing activities stood at 2.27, reflecting a perception of significant hurdles that need to be addressed for more effective marketing strategies.

4.2.2.4 Employee Satisfaction with Direct Marketing

Descriptive Statistics			
	N	Mean	Std. Deviation
I am satisfied with our current direct marketing strategies	15	3.0667	1.09978
Our direct marketing approaches align with company sales objectives	15	3.1333	.63994
I feel that my input regarding direct marketing strategies is valued by management.	15	3.0667	.88372
I believe our direct marketing approaches are innovative and competitive	15	2.7333	.59362
I feel confident recommending our direct marketing approach to others	15	2.6000	.82808
Grand mean of Employee Satisfaction with Direct Marketing	15	2.3333	.72375

The assessment of Table 4.2.2.4 illustrate employee satisfaction with direct marketing reveals accordingly, satisfaction with current direct marketing strategies is moderately rated at a mean of 3.07, suggesting a general contentment but with room for improvement. The alignment of direct marketing approaches with company sales objectives scored slightly higher at 3.13, indicating a recognition of coherence in overall goals. Employees feel that their input on direct marketing strategies is valued, also scoring 3.07, which reflects a collaborative atmosphere. However, perceptions of innovation and competitiveness in direct marketing approaches were lower, with a mean of 2.73, indicating a need for more creativity. Confidence in recommending the direct

marketing approach to others was the lowest at 2.60, pointing to hesitations about its effectiveness. Hence, the grand mean for employee satisfaction stood at 2.33, highlighting a need for enhancements in both strategy effectiveness and employee engagement to boost overall satisfaction.

4.2.2.5 Sales Performance Impact

Descriptive Statistics			
	N	Mean	Std. Deviation
Our direct marketing efforts have demonstrably increased sales volume across different customer.	15	3.0667	1.22280
our marketing approach has significantly raised customer awareness of our products.	15	2.6667	.89974
I believe that our direct marketing efforts have positively impacted customer loyalty.	15	2.6667	1.23443
Our Sales promotions through direct marketing encourage more frequent purchases from customers.	15	2.3333	.81650
Our tailored marketing approach distinguishes us from other competitors in the local market.	15	2.9333	1.53375
Grand mean of Sales Performance Impact	15	3.7152	.27026

The survey of sales performance impact from direct marketing efforts provides important insights based on the participants response. Respondents indicated that direct marketing initiatives have moderately increased sales volume, achieving a mean of 3.07. However, the effectiveness of these efforts in raising customer awareness of products scored lower at 2.67, suggesting a need for more impactful communication. Similarly, beliefs about direct marketing's positive impact on customer loyalty also received a score of 2.67, indicating uncertainty in this area. The encouragement of more frequent purchases through sales promotions was rated even lower at 2.33, highlighting potential weaknesses in driving repeat business. On a more positive note, the tailored marketing

approach was perceived as somewhat distinguishing in the local market, with a score of 2.93. In general, the grand mean for the impact on sales performance stood at 3.72, reflecting a generally constructive perception of direct marketing's effectiveness, while also underscoring areas that require further development to maximize its potential.

4.5 Corelation Analysis of Customer Response and Employee Response

4.5.1 Corelation Analysis of Customer Response

Table 4.5.1 Correlation Analysis of Customer Response

Correlations						
		SPI	DMT	PT	CLR	CSL
SPI	Pearson Correlation	1	.710**	.426**	.424**	.509**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	254	254	254	254	254
DMT	Pearson Correlation	.710**	1	.454**	.362**	.408**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	254	254	254	254	254
PT	Pearson Correlation	.426**	.454**	1	.728**	.461**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	254	254	254	254	254
CLR	Pearson Correlation	.424**	.362**	.728**	1	.427**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	254	254	254	254	254
CSL	Pearson Correlation	.509**	.408**	.461**	.427**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	254	254	254	254	254
**. Correlation is significant at the 0.01 level (2-tailed).						

The correlation analysis of customer response above in Table 4.5.1 reveals significant relationships among various metrics, based on a dataset of 254 observations. The strongest correlation is between Sales Performance Impact (SPI) and Direct Marketing Tools (DMT), with a Pearson correlation coefficient of 0.710, indicating a positive relationship. Additionally, both SPI and DMT show moderate correlations with Product Tracking (PT) (0.426) and Customer Loyalty Rating (CLR) (0.424), suggesting that improvements in these areas may enhance sales performance. The correlation between PT and CLR is particularly strong at 0.728, indicating that customer tracking efforts are closely linked to loyalty outcomes. Customer Satisfaction Level (CSL) also demonstrates significant positive correlations with all metrics, most notably with SPI at 0.509, reinforcing the idea that satisfied customers are likely to respond positively across the board. Therefore, all correlations are statistically significant at the 0.01 level, highlighting the interconnectedness of these factors in the context of customer response to marketing efforts.

4.5.2 Corelation Analysis of Employee Response

Table 4.5.2 Correlation Analysis of Employee Response

		Correlations				
		SPI	DMT	CR	CFD	ES
SPI	Pearson Correlation	1	-.096	-.151	.291	-.343
	Sig. (2-tailed)		.733	.591	.292	.211
	N	15	15	15	15	15
DMT	Pearson Correlation	-.096	1	-.094	.080	.013
	Sig. (2-tailed)	.733		.740	.778	.965
	N	15	15	15	15	15
CR	Pearson Correlation	-.151	-.094	1	-.267	-.250
	Sig. (2-tailed)	.591	.740		.335	.369
	N	15	15	15	15	15

CFD	Pearson Correlation	.291	.080	-.267	1	.654**
	Sig. (2-tailed)	.292	.778	.335		.008
	N	15	15	15	15	15
ES	Pearson Correlation	-.343	.013	-.250	.654**	1
	Sig. (2-tailed)	.211	.965	.369	.008	
	N	15	15	15	15	15
**. Correlation is significant at the 0.01 level (2-tailed).						

Table 4.5.2 Correlation analysis of employee response of Sales Performance Impact (SPI) shows weak negative correlations with Direct Marketing Tools (DMT) and Customer Response (CR), suggesting that there isn't a strong relationship between employee perceptions of these tools and their impact on sales. While Customer Feedback (CFD) has a slight positive correlation with SPI, it isn't statistically significant, indicating that it might not have a direct influence on sales performance. However, a notable finding is the strong positive correlation between Customer Feedback and Employee Satisfaction (ES), pointing to the idea that when employees feel more satisfied, they tend to receive better feedback from customers. This suggests that improving employee satisfaction could potentially enhance customer interactions, even if other areas don't show strong correlations. The results indicate that while some connections exist, most of them are weak and not statistically significant.

4.6 Regression Analysis

4.6.1 Preliminary Testes

A. Multicollinearity Test

	Collinearity Statistics	
(Constant)	Tolerance	VIF
DMT	.743	1.345
PT	.416	2.405
CLR	.459	2.179

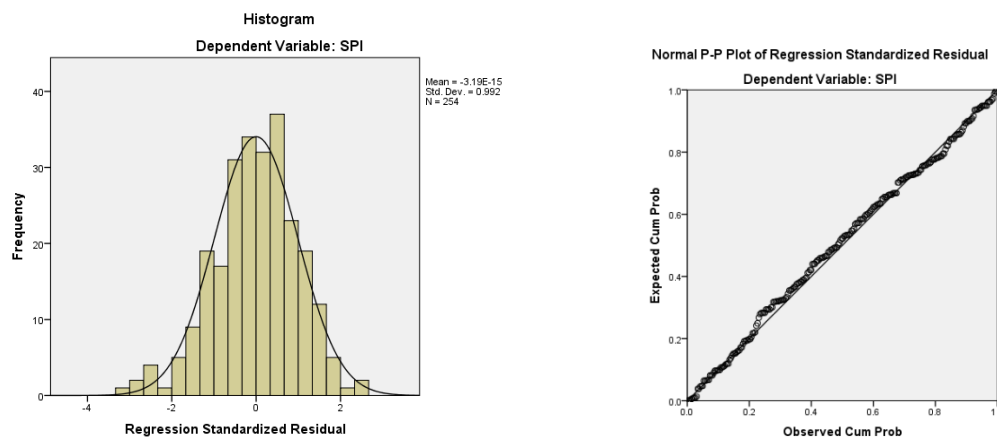
CSL	.723	1.384
-----	------	-------

Table 4.6.1 Multicollinearity Test

The test results show that all VIF values are below the threshold of 10, indicating no significant multicollinearity. DMT (1.345) and CSL (1.384) exhibit low multicollinearity, implying strong independence from other variables. And PT (2.405) and CLR (2.179) have moderate VIF values but remain within acceptable limits.

In conclusion, all variables have VIF values comfortably below 10, confirming that multicollinearity is not a significant issue in this model. However, PT and CLR have slightly higher VIF values compared to other variables, which may require closer observation in future analyses, if additional variables are introduced.

B. Normality Test



The normal distribution is a core concept in statistics, with the standard normal distribution characterized by a mean of zero and a standard deviation of one (Garson, 2012). As shown in the figure, the histogram reveals a bell-shaped curve, which suggests that the distribution closely resembles the normal distribution. Additionally, the residuals were seen to be symmetrically spread around a mean of zero, supporting the assumption that the data follows a normal distribution.

The graphical representation in the above Normal P-P Figure, reveals a notably linear structure in the normal probability plot. The slight differences observed between the fitted line and the plotted points are minimal, suggesting that the data aligns well with a normal distribution. This linear trend

in the probability plot further supports the assertion that the data's error terms are indeed normally distributed.

C. Auto correlation

Table 4.6.2 Auto correlation

Model Summary ^b										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.758 ^a	.575	.568	.37968	.575	84.288	4	249	.000	2.123
a. Predictors: (Constant), CSL, DMT, CLR, PT										
b. Dependent Variable: SPI										

Despite the fact that residuals are normally distributed, there should be no serial correlation between them. The Breusch-Godfrey test, with a p-value above 5%, further supports the absence of serial correlation. This suggests that the residuals are independent, which is a key assumption for valid regression analysis, as shown in the table above 4.6.2, the significant value is larger than 5%; so, if it is not significant, it suggests there is no serial correlation between residuals. And, Durbin-Watson statistic value of 2.123, which indicates no significant auto-correlation between residuals.

4.6.2 Regression Result

Table 4.6.3 Regression Result

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.204	.182		1.122	.263

	DMT	.622	.051	.587	12.262	.000
	PT	-.068	.069	-.063	-.986	.325
	CLR	.147	.057	.159	2.601	.010
	CSL	.236	.050	.231	4.751	.000

The regression analysis results provide detailed insights into the contributions of each predictor to Sales Performance Impact (SPI).

$$Y = a + \beta_1 * X_1 + \beta_2 * X_2 + \beta_3 * X_3 + \beta_4 * X_4 + \dots \beta_n * X_n + e$$

$$Y = \text{DMT}.622 + \text{PT} -.068 + \text{CLR}.147 + \text{CSL}.236$$

Among the variables, Direct Marketing Tools (DMT) has a strong positive effect on SPI, with an unstandardized coefficient of 0.622 and a highly significant p-value ($p < 0.001$), reflecting its substantial influence. Customer Loyalty Rating (CLR) also positively impacts SPI, with a coefficient of 0.147 and significance ($p = 0.010$), suggesting that increased customer loyalty correlates with higher sales performance.

In contrast, Personalization & Targeting (PT) has a negative coefficient of -0.068, but it is not statistically significant ($p = 0.325$), indicating no meaningful impact on SPI. Lastly, Customer Satisfaction Level (CSL) shows a strong positive relationship with SPI, with a coefficient of 0.236 and a significant p-value ($p < 0.001$), underscoring its importance in driving sales performance.

4.6.3 Model Summary

Table 4.6.4 Model Summary

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.758 a	.575	.568	.37968
a. Predictors: (Constant), CSL, DMT, CLR, PT				
b. Dependent Variable: SPI				

The regression analysis provides a comprehensive overview of the relationship between independent variables Customer Satisfaction Level (CSL), Direct Marketing Tools (DMT), Customer Loyalty Rating (CLR), and Product Tracking (PT) and Sales Performance Impact (SPI). The model shows a strong correlation, with an R value of 0.758, indicating that the predictors are significantly related to the outcome variable. The R² value of 0.575 suggests that approximately 57.5% of the variance in dependent variable can be explained by the independent variables.

4.6.4 ANOVA

Table 4.6.5 ANOVA

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	48.602	4	12.150	84.288	.000 ^b
	Residual	35.894	249	.144		
	Total	84.496	253			
a. Dependent Variable: SPI						
b. Predictors: (Constant), CSL, DMT, CLR, PT						

Table 4.6.5 presents the results of the ANOVA regression analysis. The "Sig." value indicates whether the independent variables significantly predict the dependent variable. If the p-value is less than or equal to 0.05, the model is considered statistically significant. In this case, the p-value of 0.000, which is less than 0.05, suggests that the regression model is a good fit for the data.

4.7 Discussion of Major Findings

The findings from the survey conducted among customers and employees of PURATOS Ethiopia provide a comprehensive overview of the demographic characteristics and perceptions of various marketing strategies employed by the company. With a response rate of 95.5% from customers and a perfect 100% from employees, the data gathered is strong and lends itself to valuable insights.

The demographic profile of customers indicates a slight predominance of female respondents (55%) compared to males (45%). This gender distribution may influence purchasing preferences and behaviors. The majority of respondents are within the 26-35 age range (34%), indicating that PURATOS Ethiopia's customer base primarily consists of young to middle-aged adults. This demographic is often more receptive to marketing initiatives, suggesting that targeted direct marketing strategies could be particularly effective.

Among the various customer types, bakeries (30%) and cafes (23%) represent the largest segments. This diversity in customer types emphasizes the company's broad market reach and the relevance of its marketing efforts across multiple sectors. The frequency of purchasing shows a loyal customer base, with a significant percentage engaging in regular purchases, further highlighting customer satisfaction and brand engagement.

The employee demographics reveal a predominantly male workforce (67%), with a significant portion falling within the 26-35 age range (33%). This relatively young workforce may foster innovative marketing approaches and adaptability in a competitive landscape. Notably, many employees work in sales and marketing (73% combined), providing insights directly from those implementing marketing strategies. The varied experience levels among employees, with a third having 1-3 years at the company, suggest a dynamic environment that encourages fresh ideas. This aspect is essential for interpreting the potential for innovation in marketing strategies employed by PURATOS Ethiopia.

Regarding, the analysis of customer experiences with direct marketing tools shows a moderate awareness of these tools, with a mean score of 3.22. However, the perceived effectiveness in communicating product benefits is slightly lower (mean of 2.98). This gap indicates an area for improvement, as enhancing the clarity and effectiveness of communication could potentially increase customer satisfaction. Remarkably, customers reported that the marketing tools effectively address their specific needs (mean of 3.61) and provide sufficient information for purchasing decisions (mean of 3.04). The appreciation for diverse marketing methods is evident, scoring an average of 3.52, suggesting that variety in marketing enhances customer engagement. Concerning, the data regarding personalization and targeting in marketing communications reveal that customers perceive these efforts as somewhat tailored to their business types (mean of 3.17). However, employees' understanding of unique business contexts is rated slightly higher (mean of 3.20), indicating a positive perception of the adaptability of marketing strategies. These findings

suggest that while there is room for improvement in further customizing marketing efforts, the existing strategies are generally well-received.

Relating to customer loyalty metrics reflect a moderate sense of loyalty towards PURATOS Ethiopia, with average ratings around 3.13. The marketing communications significantly contribute to enhancing this loyalty (mean of 3.36), along with a strong inclination for customers to recommend the brand (mean of 3.38). This loyalty is crucial for the brand's long-term success and indicates that effective marketing strategies can foster deeper customer relationships.

Despite the positive perceptions, customers face challenges in comprehending marketing communications (mean of 3.59) and express that satisfaction with products isn't heavily influenced by marketing strategies (mean of 2.96). However, product quality remains appreciated (mean of 3.48), suggesting that while marketing plays a role, the product itself is a crucial factor in customer satisfaction. Also, the findings indicate that customers believe direct marketing efforts have somewhat increased purchasing frequency (mean of 3.11) and encouraged new product trials (mean of 3.08). Notably, marketing communications are perceived to significantly influence the decision to choose PURATOS products over competitors (mean of 3.62). These insights underline the effectiveness of direct marketing in enhancing sales performance and customer engagement.

Apart from descriptive findings, the correlation analysis reveals substantial relationships between sales performance impact and various metrics, particularly highlighting the connection between sales performance and direct marketing tools. The regression analysis further confirms the strong positive effect of direct marketing tools on sales performance, with the model explaining 57.5% of the variance in sales performance impact. This finding underscores the importance of strategic marketing efforts in driving business outcomes.

Finally, the survey results indicate that PURATOS Ethiopia has a diverse customer and employee base, with both groups expressing generally positive perceptions of direct marketing strategies. While there are areas that require attention such as improving communication effectiveness and enhancing personalization the whole data of the study suggests that PURATOS Ethiopia is well-positioned to control its direct marketing efforts to foster customer loyalty and drive sales performance. Addressing the identified challenges will be crucial for further enhancing customer satisfaction and business growth.

CHAPTER FIVE

SUMMARY OF KEY FINDINGS, CONCLUSION AND RECOMMENDATION

The final part of this research paper provides summary, conclusions and recommendations drawn from the findings of the data collected by questioner.

5.1 Summary of Key Findings

The research evaluated the influence of direct marketing tools on sales performance at PURATOS Ethiopia Food Industry S.C. Key findings from the analysis of customer and employee responses revealed the following: -

The customer base is diverse, with a slight majority being female (55%) and predominantly in the age group of 26-35 years (34%). Most customers are from bakeries (30%) and cafés (23%).

In awareness and Effectiveness of Direct Marketing, Customers showed moderate awareness of direct marketing tools, scoring an average of 3.22. However, their perception of the effectiveness of these tools to communicate benefits was lower at 2.98. Also, customers felt that marketing communications were somewhat personalized to their needs, scoring an average of 3.28. The marketing approach demonstrated an understanding of their industry. Regarding customer loyalty, the study indicated moderate customer loyalty, with a grand mean of 3.28. Positive experiences with marketing efforts were strongly linked to loyalty, with 3.36 indicating that marketing communications enhance brand loyalty.

In satisfaction and challenges, while customers expressed satisfaction with product quality (3.48), they faced challenges in understanding direct marketing communications (3.59). This highlights a gap in effective messaging. Sales performance, the influence of direct marketing on purchasing behavior was positive, with a grand mean of 3.27. Customers reported that marketing communications significantly influenced their purchasing decisions, particularly favoring PURATOS over competitors. Employees rated the effectiveness of direct marketing tools at 3.37, noting strengths in customer segmentation but identifying gaps in personalization (2.40) and adaptability (2.67).

In Correlation and Regression Analyses, Strong correlations were found between direct marketing tools and sales performance (0.710). Regression analysis revealed that Direct Marketing Tools (DMT) and Customer Satisfaction Level (CSL) significantly influence Sales Performance Impact (SPI), with DMT having a strong positive effect (0.622).

5.2 Conclusion

The study concludes that direct marketing tools positively impact customer engagement, purchasing behavior, and overall sales performance at PURATOS Ethiopia. Customers appreciate the variety of marketing methods used, though there is room for improvement in communication clarity and personalization. Employee insights suggest a need for innovative approaches to enhance direct marketing effectiveness.

5.3 Recommendations

- Simplifying direct marketing messages can help customers better understand the offerings, potentially increasing engagement and satisfaction levels.
- Tailoring marketing strategies to meet specific customer needs could improve customer perceptions and loyalty. This includes training for marketing representatives to better understand customer contexts.
- Implementing a structured feedback circle can help refine marketing approaches and ensure they are responsive to customer preferences.
- Exploring new marketing channels and techniques can enhance effectiveness and competitiveness, particularly in addressing customer challenges.
- Ensuring employees feel valued and engaged in marketing strategy discussions can lead to better customer interactions and more effective marketing outcomes.

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Appendixes – Questionnaires

Questionnaire 01 - Employees

**ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MANAGEMENT**

Questionnaire for Employees of PURATOS Ethiopia Food Industry S.C

Dear Respondent,

This questionnaire is designed to collect data for academic research purposes as part of the requirement for the award of MSc degree in International Business Management. The aim of the research is to examine the influence of direct marketing tools on and sales performance at PURATOS Ethiopia Food Industry S.C.. Your responses will be strictly treated as confidential and used only for the research purpose. Thank you in advance for your cooperation and assistance.

General Survey instructions:

- 1 You are not required to write your name in this questionnaire.
- 2 Please tick (✓) or circle or make a brief writing where necessary.

Part one: Demographic Information

1. Gender:

Male Female

2. Age Group

18-25 26-35 36-45
 46-55 56 and above

3. Department:

Marketing Sales Customer Relations
 Management Other (Please specify): _____

4. Years of Experience at PURATOS Ethiopia:

- Less than 1 year 1-3 years 4-6 years
 7-10 years More than 10 years

5. Which direct marketing channels does PURATOS Ethiopia currently utilize? (Select all that apply)

- Direct Mail Email Marketing Telemarketing
 Social Media Campaigns Door-to-Door Marketing WhatsApp/SMS Marketing
 Other (Please specify): _____

SECTION B: DIRECT MARKETING TOOLS

Part two Illustration: Please rate on a scale of 1 to 5, where 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

Please tick (√) to indicate your opinion the extent to which you agree with each of the following attributes						
No	Statements	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Direct Marketing Tools Effectiveness						
DMT 1	Our direct marketing tools comprehensively cover diverse customer segments.					
DMT 2	Door-to-Door marketing is an effective tool for PURATOS Ethiopia to reach customers.					
DMT 3	Social media marketing is a successful strategy for PURATOS Ethiopia.					

DMT 4	Direct mail campaigns are a valuable part of PURATOS Ethiopia's marketing efforts.					
DMT 5	PURATOS Ethiopia uses the right tools and platforms for its direct marketing campaigns.					
Customer Response to Direct Marketing						
CR 1	Our direct marketing approaches effectively capture customer attention.					
CR 2	Social media marketing campaigns are effective in driving customer interaction.					
CR 3	Our Personal interactions, while implementing Door-to-Door marketing overcomes customer hesitations more effectively than other marketing methods.					
CR 4	Mobile marketing campaigns (e.g., SMS) generate high levels of customer engagement.					
CR 5	Customers generally respond positively to PURATOS Ethiopia's direct mail marketing campaigns.					
Sales Performance Impact						
SP 1	Direct marketing campaigns at PURATOS Ethiopia lead to significant sales conversions.					

SP 2	PURATOS Ethiopia effectively tracks and analyzes customer behavior in response to direct marketing campaigns.					
SP 3	Door-to-Door & Social Media marketing have the most significant impact on PURATOS Ethiopia's sales performance.					
SP 4	Direct marketing provides a high return on investment (ROI) for PURATOS Ethiopia.					
SP 5	Our tailored marketing approach distinguishes us from other competitors in the local market.					

Challenges Faced in Direct Marketing Activities & Contextual/Moderating Effects

CFD 1	High costs are a significant challenge in implementing direct marketing strategies at PURATOS Ethiopia.					
CFD 2	Privacy concerns limit the effectiveness of PURATOS Ethiopia's email and mobile marketing campaigns.					
CFD 3	Socio-economic factors (e.g., income levels) negatively impact the effectiveness of direct marketing strategies.					

CFD 4	Technology integration poses barriers to our direct marketing strategies.					
CFD 5	Integrating digital and traditional marketing channels is a challenge for PURATOS Ethiopia.					
CFD 6	Cultural factors (e.g., consumer preferences) positively influence customer engagement with PURATOS Ethiopia's direct marketing.					
CFD 7	Limited technological infrastructure (e.g., internet access, mobile networks, etc.) hinders the success of PURATOS Ethiopia's digital marketing campaigns.					
CFD 8	Socio-economic factors (e.g., income levels) significantly affect the effectiveness of direct marketing strategies in Ethiopia.					

Employee Satisfaction with Direct Marketing

ES 1	I am satisfied with the current direct marketing strategies used by PURATOS Ethiopia.					
ES 2	Our direct marketing approaches align with company sales objectives.					

ES 3	I feel that my input regarding direct marketing strategies is valued by management.					
ES 4	I believe our direct marketing approaches are innovative and competitive.					
ES 5	I feel confident recommending our direct marketing approach to others.					

Questionnaire 02 - Customers

**ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MANAGEMENT**

Questionnaire for Customers of PURATOS Ethiopia Food Industry S.C

Dear Respondent,

This questionnaire is designed to collect data for academic research purposes as part of the requirement for the award of MSc degree in International Business Management. The aim of the research is to examine the influence of direct marketing tools on and sales performance at PURATOS Ethiopia Food Industry S.C.. Your responses will be strictly treated as confidential and used only for the research purpose. Thank you in advance for your cooperation and assistance.

General Survey instructions:

- 3 You are not required to write your name in this questionnaire.
- 4 Please tick (✓) or circle or make a brief writing where necessary.

Part one: Demographic information

1. Gender:

Male Female

2. Age Group

18-25 26-35 36-45
 46-55 56 and above

3. Customer Type:

- Bakery Café Hotel
 Supermarket Catering Business Individual Consumer
 Other (Please specify): _____

4. Frequency of Purchasing PURATOS Products:

- First-time customer Occasional (1-2 times/year) Regular (Quarterly)
 Frequent (Monthly) Very Frequent (Weekly)

SECTION B: DIRECT MARKETING TOOLS

Part two Illustration: Please rate on a scale of 1 to 5, where 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

Please tick (✓) to indicate your opinion the extent to which you agree with each of the following attributes						
No	Statements	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Direct Marketing Tools Awareness						
DMT 1	I am aware of the various direct marketing tools (e.g., email marketing, social media campaigns, direct mail, door-to-door marketing {personal visits by sales representatives}) used by PURATOS Ethiopia'					
DMT 2	I frequently receive marketing messages from PURATOS Ethiopia through email.					
DMT 3	The direct marketing tools employed by PURATOS Ethiopia effectively targets my specific needs and preferences as a customer.					

DMT 4	I frequently receive marketing messages from PURATOS Ethiopia through SMS.				
DMT 5	I frequently receive marketing messages from PURATOS Ethiopia through social media.				
DMT 6	I am familiar with PURATOS Ethiopia's social media marketing campaigns.				

Personalization and Targeting

PT 1	I find PURATOS Ethiopia's marketing messages to be personalized and relevant to my needs.				
PT 2	Marketing representatives understand my specific business context.				
PT 3	The marketing approach adapts to my feedback and preferences.				
PT 4	I feel the marketing is targeted rather than generic.				
PT 5	The marketing approach demonstrates an understanding of my industry.				
PT 6	PURATOS Ethiopia's marketing messages are appealing and not intrusive, clear and informative.				

Influence of Direct Marketing on Repeat of Purchases (Sales Performance)

SP 1	PURATOS Ethiopia's direct marketing messages influence my decision to purchase their products.				
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SP 2	I am more likely to make a purchase after receiving a personalized offer (Door-to-Door Marketing) from PURATOS Ethiopia.					
SP 3	I have made a purchase based on PURATOS Ethiopia's direct marketing messages through Social Media Marketing.					
SP 4	I engage with PURATOS Ethiopia's Direct Mail Marketing (e.g., brochures, catalogs).					
SP 5	I engage with PURATOS Ethiopia's Mobile/Tele Marketing messages (e.g., SMS, push notifications).					
SP 6	Email marketing efforts from PURATOS Ethiopia have led me to purchase more frequently.					

Customer Loyalty and Brand Awareness

CLR 1	I feel a sense of loyalty to PURATOS Ethiopia due to the personalized interactions I have experienced with their marketing representatives.					
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CLR 2	I am likely to continue purchasing from PURATOS Ethiopia in the future because of the positive experiences I have had with their marketing approach.					
CLR 3	The marketing communications I receive from PURATOS Ethiopia enhance my loyalty to the brand.					
CLR 4	Based on my experiences with PURATOS Ethiopia's marketing efforts, I would recommend their products to others.					
CLR 5	I believe that PURATOS Ethiopia genuinely values its customers, which encourages me to remain a loyal buyer.					

Challenges, Satisfaction Level & Contextual/Moderating Effects

CSL 1	I have encountered challenges in understanding the direct marketing communications from PURATOS Ethiopia.					
CSL 2	I feel that my satisfaction with PURATOS Ethiopia's products is influenced by their direct marketing strategies.					

CSL 3	I am satisfied with the overall quality of products offered by PURATOS Ethiopia as a result of their direct marketing efforts.					
CSL 4	I have concerns about how PURATOS Ethiopia collects and uses my data for marketing.					
CSL 5	I believe that PURATOS Ethiopia's direct marketing efforts enhance my overall customer experience.					
CSL 6	Economic factors (e.g., income level, affordability) affect my response to PURATOS Ethiopia's marketing messages.					
CSL 7	Cultural & Personal factors (e.g., language, communication style) influence my engagement with PURATOS Ethiopia's marketing messages.					
CSL 8	Limited internet or mobile access affects my ability to interact with PURATOS Ethiopia's marketing campaigns.					

Standard Questionnaires for Employees:

(Internal Perspective on Direct Marketing Effectiveness)

These questions are designed to gather insights & internal perspectives from employees (e.g., marketing teams, sales teams, and management) about the implementation, challenges, impact of moderating/contextual factors, and effectiveness of direct marketing strategies and their impact on sales performance at PURATOS Ethiopia.

Standard Questionnaires for Customers:

(External Perspective on Direct Marketing Perception & Response)

These questions are designed to gather feedback & external perspective from customers about their awareness, experiences, preferences, and responses, while addressing contextual factors to PURATOS Ethiopia's direct marketing strategies and their impact on Sales Performance.


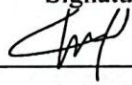

These questions will help evaluate direct marketing effectiveness from both employees' and customers' perspectives while considering contextual & moderating factors and the real-world challenges.

Signature of Advisor, External & Internal Examines:

APPROVAL SHEET

This is to certify that the thesis proposal entitled "Evaluating the Influence of Direct Marketing on Sales Performance: The Case of PURATOS Ethiopia Food Industry S.C." has been developed by Oumer Shukerala under my/our supervision. Therefore, I recommend that the student's proposal can be presented for review and open oral presentation.

Approved by:

Advisor	Signature	Date
<u>Meskerem Mitiku (PhD)</u>	<u></u>	<u>24-03-25</u>
Internal Examiner	Signature	Date
<u>Amare Abawa (PhD)</u>	<u></u>	<u>March 11/2025</u>
External Examiner	Signature	Date
<u>Messim W. (PhD)</u>	<u></u>	<u>21/03/25</u>

Chair of Department or Graduate Program Coordinator