



Addis Ababa University

College of Business and Economics

School of Commerce

Department of Marketing Management

The Effect of Digital Sales on Revenue Maximization: the case of Ethiopian Airlines

A Thesis Submitted to School of Graduate Studies of Addis Ababa University in
Partial Fulfilment of the Requirements for the Degree of Masters of Arts in
Marketing Management

By: Getnet G/Yohannes

Advisor: Tewodros Mesfin (PhD)

July, 2021

Addis Ababa

Statement of Declaration

I, the undersigned, declare that this thesis is my original work, has not been presented for degree in any other university and that all sources of materials used for the thesis have been appropriately acknowledged.

Declared by:

Name: Getnet G/Yohannes

Signature: _____

Date: _____

Confirmed by Advisor:

Name: Tewodros Mesfin (PhD)

Signature: _____

Date: _____

Internal Examiner:

Name: _____

Signature: _____

Date: _____

External Examiner:

Name: _____

Signature: _____

Date: _____

Place and date of submission: Addis Ababa University, School of Commerce, Department of Marketing Management, July, 2021

Acknowledgment

Many have been on my side during the writing of this paper whose contributions I should never fail to acknowledge. My first and most thanks are due to Dr Tewodros Mesfin for his comments, suggestions and constructive criticisms at all levels from the inception to the completion of this paper. Thanks also to the employees and management of the Division of Integrated Marketing Communications of my organization, Ethiopian Airlines, for providing all the information I needed. I would have never been able to complete this paper without their kind support.

Finally, I would like to thank all those who have supported me in various ways throughout the writing of this paper.

Table of contents

List of Tables	iv
List of Figures	iv
Abstract	v
Chapter-1	1
Introduction.....	1
1.1. Background of the Study.....	1
1.2. Statement of the Problem.....	5
1.3. Research Question	9
1.4. Study Objective.....	9
1.5. Research Hypotheses	10
1.6. Significance of the Study	10
1.7. Scope/ Delimitations of the Study	11
1.8. Definition of Terms.....	11
1.9. Organization of the Study	12
Chapter-2	13
Literature review	13
2.1. Introduction.....	13
2.2. Theoretical Literature Review	16
2.3. Empirical Literature review	29
2.4. Conceptual Framework.....	31
Chapter-3	33
Research Methodology	33
3.1. The Research Design	33
3.2. Research Method	33
3.3. Data Collection Techniques.....	34
3.4. Sampling Technique	34
3.5. Data Analysis Tool	35
3.6. Reliability and Validity.....	35
3.7. Ethical Considerations	37
Chapter-4	38
Data Presentation, Analysis and Findings.....	38
4.1. Respondents' Profile.....	38

4.2.	Descriptive Analysis	40
4.3.	Correlation Analysis	41
4.4.	Inferential Analysis.....	43
4.5.	Discussions on Findings	49
Chapter-5	.....	52
Summary, Conclusions, and Recommendations	.....	52
5.1.	Summary of Major Findings	52
5.2.	Conclusion	53
5.3.	Recommendations.....	55
5.4.	Limitations of the study and Direction for Future Researches.....	56
References	.....	57
Appendix-I	.....	60
Appendix-II	.....	64
Appendix-III	.....	66
Appendix-IV	.....	66
Appendix-V	.....	67

List of Tables

Table 1: Reliability Analysis of Variables.....	37
Table 2: Respondent’s Gender Composition	39
Table 3: Respondents’ Education Level	40
Table 4: Correlation between Independent and Dependent Variables.....	43
Table 5: Multicollinearity Table	45
Table 6: Normality Table.....	46
Table 7: Regression Table	48
Table 8: Summary of the Research Hypotheses	50

List of Figures

Figure 1: Conceptual Framework	32
Figure 2: Age Distribution of Respondents	39
Figure 3: Work Experience of Respondents	40

Abstract

This study analyzed the effect of digital sales on revenue maximization taking the case of Ethiopian Airlines. The study took the selling function as an extension of the marketing concept as suggested by Jobber D. and Lancaster G. (2009) where the firm's and its sales person's long-term survival is very much dependent on their ability to identify customer needs and to support customers' decision-making by serving those products and services that best fit their requirements. The general objective of this paper was to identify the effect of digital sales on maximizing revenue of Ethiopian Airlines with the specific objectives being to identify the effect that determinants of digital sales, namely, digitally connected customers, digital customer relationship management, product/service offering digitally, and digital delivery of products/services had on maximizing revenue of the airline. A survey was conducted with a total of 70 employees of the airline working under the division of Integrated Marketing Communications where the effect of digital sales on revenue maximization was broken down into four major constituents namely digitally connected customers, digital customer relationship management, products/services offering digitally, and digital delivery of products/services and the collected data was analyzed via regression analysis. The results showed that all of the determinants had a positive and significant effect on the airlines' revenue maximization except digital delivery of products/services whose influence was found to be insignificant. In addition, the results demonstrated that product/service offering digitally was the most important factor influencing the airlines' revenue maximization followed by digitally connected customers and digital customer relationship management respectively. It was expected that the result of this study might be used as a fundamental data in the development of airline marketing strategies, particularly by investigating the relative importance of each component and analyzing the effects of each on airline revenue.

Keywords: sales, digital sales, static media, dynamic media, offering, revenue maximization.

Chapter-1

Introduction

This introductory chapter deals with the background, statement of the problem, objectives, research questions, significance, scope/delimitation, definition of terms, and organization of the study.

1.1. Background of the Study

The essence of marketing is the delivery of customer satisfaction at a profit. The aim of marketing is both to attract new customers and keep current customers by promising superior value and delivering satisfaction respectively. Whether large or small, domestic or global, marketing is critical to the success of every organization. Marketing must be understood in the sense of satisfying customer needs and if a marketer does well in identifying customer needs, in developing products that provides superior value, in distributing and promoting them effectively, its goods will sell very easily. Kotler Pet al. (1999) The internet is a radical technology innovation on a grand scale which, because it presents no obvious negative externalities, is likely to continue to reshape all aspects of business. The internet has gone from being a static medium towards a more dynamic, interactive medium. This dynamic medium is all about the sharing of thoughts and information through self-publishing and harnessing the collective intelligence of all users to generate information and solve problems. This medium is at the heart of electronic marketing which, permits the rapid exchange of innovative ideas between customers and the organization, allows to hear the voice of the customer clearly and immediately. Moreover, it allows the organization to have a conversation with the voice of the customer, almost in real time. Hair J.F. et al. (2017)

According to Jobber D. and Lancaster G. (2009), the simple way of thinking of the nature and role of selling equating its function to just making a sale disguises what is often a very complex process which covers a wide range of different types of selling task and that involves the use of a whole set of principles, techniques, and substantial personal skills. In fact, the whole aspect of selling as practiced by businesses has very much changed with the development of business philosophy.

Perhaps, selling and salesmanship has never been the central focus of business enterprises than when it was adopted as central business philosophy after the production and product centred philosophies gave a practical lesson to business managers that excess demand was not meant to endure and product quality meant no guarantee for sale requiring a shift in business approach to stimulate sales. But it is the later advent of the marketing concept which has changed selling and salesmanship even more. Still today identification of those dimensions of the product or service which are superior and communicating them to potential customers is an important aspect of the selling function and the importance of personal persuasion in this regard is undeniable. But as suggested by Jobber D. and Lancaster G. (2009) selling should be an extension of the marketing concept which implies that for long-term survival it is in the best interests of the salesperson and their company to identify customer needs and also assist customers in their decision-making by selecting those products that best fit their requirements from the product range available.

The selling function has thus undergone changes to fit into the marketing concept and the values it upholds. According to Kotler P. et al. (1999) transaction marketing is part of the larger idea of relationship marketing and smart marketers work towards building long-term relationships with valued customers, distributors, dealers and suppliers. They build strong economic and social bond by promising and consistently delivering high-quality products, good service and fair prices. Increasingly, marketing is shifting its focus from maximizing profit on each individual transaction to maximizing mutually beneficial relationships with consumers and other parties. Also changing is the environment in which marketing is being practiced today. As Chaffey D. and Smith PR. (2008) noted that the situation we all are in currently is in a 'wired-up' world where more people are spending an increasing part of their lives in the virtual world. Among people are potential customers. O'Connor J., Galvin E. and Evans M. (2004) have observed that control over the customer interaction can shift as the electronic age puts more power into the hands of the buyer than the seller and the shift empowers the buyer with information and allows consumers to decide for themselves what, where and when they should buy.

This shift certainly points toward the need for interactivity and as O'Connor J., Galvin E. and Evans M. (2004) observed that the analogue television and radio services which significantly progressed in the 1990's suffer from one drawback-they are broadcast media which do not allow any form of interactivity between the presenter and the viewer (or listener) and that this interactivity requires greater bandwidth and different technology, both of which can only be provided by digital media. Social media, for instance, as Wolde A. (2019) noted has changed the

way we communicate today thereby has improved customer insight and customer services and indicated that social media marketing is having a tremendous effect on businesses and market.

According to Chaffey D. and Smith PR. (2008), e-business create the ability to run a business online and includes e-marketing and e-commerce which involves the automation of all the business process in the value chain-from purchasing of raw materials, to production, inventory management, logistics, sales and marketing, after sales services, invoicing, debt collection etc. As O'Connor J., Galvin E. and Evans M. (2004) noted electronic marketing is not just marketing carried out over the internet. It involves the effective use of technology in all its forms, but in a manner in which the technology plays a supporting role, driven by the business and by marketing's needs. They also stated that the most important piece of technology in electronic marketing is probably not the internet at all but it is more likely to be the database that holds valuable data about the customer.

Understanding of customers' wants and needs is the single most important aspect of the marketing concept which can only be realized through maintaining a close relationship with the customers. Kotler P. (2000) noted that the marketing concept takes the view that the key to achieving organizational goals consists of being more effective than competitors in creating, delivering, and communicating customer value to its target markets. He further distinguishes between the selling concept and marketing concept in that the former takes an inside-out perspective which starts with the factory, focuses on existing products, and calls for heavy selling and promoting to produce profitable sales whereas the latter takes an outside-in perspective which starts with a well-defined market, focuses on customer needs, coordinates activities that affect customers, and produces profits by satisfying customers.

The economic downturn in the early to mid-1990s shifted the focus of airline managements' priorities on reducing costs and financial restructuring and when the industry come out of recession and faced an increasing deregulated environment after mid-1990s, priorities have shifted to alliance building. At the turn of the millennium airlines' strategic focus once again changed where airline executives saw their key business priorities being increasingly focused on customer-related activities during which major airlines found out that improving customer service and customer loyalty were the two most critical strategies in meeting their financial goals. The rapid development in information technology in the 1990s has provided airlines with several tools to lure customers and improve customer service in many areas of airline operations which transform the way that airline services and products are marketed and distributed. Doganis R. (2001)

Economides A and Apostolou G. (2009) noted that the airline industry has been heavily affected by e-commerce and is considered as one of the most transformed in the web market place. According to Tsai W., Chou W. and Leu J. (2011), internet and information technology have become common practice of the air transportation industry and helped sharpen airlines' competitive edge through operation efficiency improvements where the use of own website to sell low-fare tickets and to facilitate boarding process via e-ticketing and online check-in can be one valid solution to enhance business values and attract more customers. They also noted that the popularity of the internet and e-commerce technologies have provided airlines a platform to bypass intermediaries and transact business with their customers directly which render the web not only a useful tool to provide information for advertising and promotion but also as a commercial channel to produce additional revenues.

Ethiopian Airlines, the national flag carrier of Ethiopia, has been in business for the last 75 years. It is one of Ethiopia's major industries serving more than 100 international and 21 domestic destinations. It has established hubs in Lome, Togo; Lilongwe, Malawi and a cargo hub in Leige, Belgium. It has signed strategic partnerships with a number of African carriers and is also a member of the star alliance, a global network of 28 airlines. Ethiopian Airline's major activity and source of revenue is transportation of people and cargo both within and across countries and continents. The other sources of revenue are aircraft maintenance; aviation training; ground handling and logistics services, and hotel services.

By the nature of the industry and its recent expansion of its services to and from almost all continents, it could not escape from the negative effects of the trying business environment of airline industry which is characterized as volatile, uncertain, complex and ambiguous. In order to mitigate the threats, it has been aggressively diversifying its business operations further into the aviation training, aircraft maintenance, and even hotel services. Having understood the potential of the digital platform and being aware that it is imperative to embrace electronic marketing if it is to succeed in an industry which is characterized by low margins and cut-throat competition, it has established Integrated Marketing and Communication Division which is dedicated to streamline customer focused processes through the use of technology solutions to enhance the customer experience and financial results. During the last fiscal year 7,898,491 million passengers have been carried through Addis Ababa Bole International Airport alone and a total of 9,577,097 million including airports around the country. If Ethiopian Airlines is to take full advantage of the ever increasing number of passengers it should position itself to be able to focus on serving the

needs of different types of customers rather than offering a more generic product that appeals to all.

1.2. Statement of the Problem

The current state of the airline industry is characterized by a more competitive environment and falling yields which have forced airlines to focus on major cost saving initiatives and alternative revenue sources. Warnock-Smith D, O'Connel J. and Maleki M. (2017) observed that the industry has only returned marginal profitability through the decades which is attributed mainly to its high fixed cost structure, over leveraged balance sheets, network fragmentation, low barriers to entry, high barriers to exit, strong unions, cyclical macroeconomics, fluctuating fuel price, a unique regulatory environment, and monopolistic/oligopolistic suppliers.

Developments in information technology including the internet, combined with the wider availability and ownership of personal computers have been driving electronic commerce's penetration in many service sectors and industries including air transport which is further reinforced by changing attitudes towards information technology, especially among young consumers who find it as natural and easy to purchase goods and services electronically. In addition to these general trends, specific factors within the airline industry such as the need to cut distribution costs which represent a large share of total costs; the strong trend towards disintermediation aiming to bypass travel and freight agents so as to link the airlines directly to their customers not just to reduce costs but to also utilize the increased marketing power that the internet provides in influencing travellers' choice by airline branding and loyalty schemes; and the unique opportunities offered by the internet pushing airlines into e-commerce enabling them to market their services worldwide cheaply and effectively to anyone who has access to an online computer directly which also allows airlines to interact with customers directly helping them to create new markets. Doganis R. (2001)

Although major cost saving initiatives including outsourcing, reductions in staff numbers and pegging the level of wages among others helped airlines to improve the bottom line, equally important has been the revenue realized beyond the sale of tickets as a result of direct sales to passengers or indirectly as part of the travel experience. As Warnock-Smith D, O'Connel J. and Maleki M.(2017) noted airline yields have continued to deteriorate over the last few decades due to more entrants and fiercely competitive electronic market which have made fares very transparent leading to revenue management systems encounter less demand for higher fares as a

result of passengers dropping down to lower fare brackets resulting in higher load factors but lower yields indicating that the traditional revenue management systems can no longer maximize revenues. They also noted that ancillary revenue is fast becoming an embedded engine that turns over increased revenues and has become a core competency for many airlines within the marketing mix and that its implementation is gaining much traction in airline boardrooms throughout the world.

According to Doganis R. (2001), a mind-set revolution is required among airline managers and executives to benefit fully from e-commerce so that they start seeing e-commerce as not just a faster and less costly way of taking bookings and issuing tickets but that it is a fundamentally new and more interactive way of doing business and also that the old functional divisions may no longer be suitable or adequate as a much more integrated and coordinated approach in servicing passengers is necessary to ensure that targeted high-yield passengers obtain the same high level of value-added service from the airline at all phases from initial travel inquiry to place of disembarkation and are 'recognized' every time they interface with the airline or its staff.

Warnock-Smith D, O'Connell J. and Maleki M.(2017) suggest that airlines should place an increasing focus not only on selling their core airline products, but also on upselling and cross-selling of air and non-air ancillary product to increase the share of the wallet per passenger and make out two distinct categories of ancillary revenue as a-la-carte entity which comprise unbundled items for sale and punitive charges or penalties imposed for indecision and poor planning by passengers; and as third party ancillary stream, comprising commission based incentives, revenues from frequent flyer programs and advertising, and identified more than 30 revenue streams under the two categories and subsequent subcategories.

Ethiopian Airlines, being aware of the potential of electronic commerce, has established Integrated Marketing and Communication Division which among others is responsible for transforming digital member experiences across the entire enterprise and its operations and directing the planning and implementation of company IT and digital systems in support of business operations in order to improve cost effectiveness, service quality and business development. Currently Ethiopian Airlines has made available onboard wifi, preferred seat, in-flight duty free shopping, flight pass (guaranteed ticket fare), class upgrading, tickets and excess baggage, medical and holiday travel packages, and meeting package in its digital platform. Ethiopian Airlines' revenue earned from digital sources account only to 21 per cent of the total passenger revenue during the fiscal year 2019/20. The proportion of online revenue from ancillaries was almost the same at 20

per cent where the highest proportion was for upgrading at 64 percent and that for all other ancillaries was less than three per cent.

This implies that Ethiopian Airlines should do much to get to know with its passengers to identify their respective needs and wants and adjust its offerings accordingly. This will require adoption of the marketing concept where it should get the mindset of the enterprise to put the customer first and build a customer-centric philosophy within itself.

In any commercially run business marketing is understood to be a core activity which is vital for success and the airline industry cannot be an exception. New technologies, especially digital forms of communication such as the internet, mobile and social media have significant impact on airline marketing as has been the case in most other industries. This is because of the increasing digital connectivity of passengers which provides the opportunity to engage with passengers before, during and after their trips which provides the ability to enhance their experience and increase their spending.

As to the knowledge the researcher, most studies conducted in the area of digital marketing, both locally and internationally, focused on either individual elements of digital marketing namely social media marketing, web based marketing, digital content marketing, online sales promotion, and internet marketing; or had been with the objective of identifying their effect on specific areas such as brand equity, customer engagement, brand loyalty, customer retention, buying behaviour, and market orientation. Hence, the researcher believes there is a gap in knowledge regarding the effect of digital sales, taking a broader marketing concept of sales, on organizations' revenue maximization.

Wolde A. (2019) researched on the effect of social media on sales volume performance taking the real estate market (Ayat Residential real estate) in Addis Ababa focusing on IT infrastructure, social computer pressure, innovation management (web design), and social media marketing management as independent variables and found that each of the variables had significant and positive influence on sales volume of Ayat residential real estate. However, the study specifically looked into the effect of social media and had not considered other digital channels and technologies and the independent variables influence had been studied from the perspective of customers on how easily they can be connected to the company's social media sites, how much influence social media groups have on them, how they are influenced by the social media website

design and how much influence social media advertisement have on them and had not covered the marketing capability the digital channel provide to the company.

Baheru E. (2017) studied the determinants of effectiveness of social media usage taking the case of Ethiopian Airlines considering perceived usefulness, ease of use, enjoyment, and trust as independent variables determining the effectiveness of social media usage. Based on the response of customers of the airline the study found that each of the variables considered had effect on the effectiveness of social media usage though some of them had insignificant influence. However, the study focused on how likely the respondents would subscribe, place comment and continue engagement to the social media site of the airline and not on the resulting effect on the airlines' revenue performance.

Seo E. and Park J. (2018) studied the effect of social media marketing activity on brand equity and customer response taking the airline industry by conducting a survey on passengers who use airlines' social media and found that social media marketing activity had significant effect on brand awareness and brand image and customer commitment. However, the study had been confined to the effects of social media marketing and did not conclude on the resulting effect on the airlines' revenue performance.

Alam M. S., Wang D. and Waheed A. (2019) researched on the impact of digital marketing on consumers' impulsive online buying tendencies (OBIT) and found that there was a positive interrelationship between digital marketing and consumers' OBIT regardless of gender and education level. However, the study had been confined to the behavioural implications of digital marketing and did not conclude on the resulting effect on organizations' revenue performance.

Kohli A. (2017) studied the impact of digital technologies on market orientation and concluded that digital technologies had made it possible for businesses to become much more adept at generating, disseminating, and responding to market intelligence. Although market orientation had been found to have a positive effect on firms' performance, this study did not show the link between digital market orientation and organizations' revenue performance.

The airline sector is in increasingly competitive environment. Digital technologies have enabled airlines transform their operations and have become strategic weapon for majority of airlines worldwide. The development and maintenance of digital platforms require huge investment. Therefore, airlines should assess the performance of their digital platform in terms of the revenue generated on a continuous basis.

Owing to the above facts, the researcher sought to study the effects of digital sales on maximizing Ethiopian Airlines' Revenue.

1.3. Research Question

1.3.1. Main Research Question

What is the effect of digital sales on maximizing revenue of Ethiopian Airlines?

1.3.2. Sub Research Questions

- What is the effect of digitally connected customers on maximizing revenue of Ethiopian Airlines?
- How does digital customer relationship management influence revenue maximization in Ethiopian Airlines?
- How does product/service offer digitally influence revenue maximization in Ethiopian Airlines?
- What is the effect of digital delivery of product/services on maximizing revenue of Ethiopian Airlines?

1.4. Study Objective

1.4.1. General Objective

The general objective of this study was to identify the effect of digital sales on maximizing revenue of Ethiopian Airlines

1.4.2. Specific Objectives

- To identify the effect of digitally connected customers on maximizing revenue of Ethiopian Airlines
- To identify the effect of digital customer relationship management on maximizing revenue of Ethiopian Airlines
- To identify the effect of product/service offer digitally on maximizing revenue of Ethiopian Airlines

- To identify the effect of digital delivery of product/services on maximizing revenue of Ethiopian Airlines

1.5. Research Hypotheses

Hypothesis1: digitally connected customers have a significant and positive influence on revenue maximization

Hypothesis2: digital customer relationship management has a significant and positive influence on revenue maximization

Hypothesis3: product/service offer digitally has a significant and positive influence on revenue maximization

Hypothesis4: digital delivery of product/services has a significant and positive influence on revenue maximization

1.6. Significance of the Study

The contribution of this study includes the following:

- It helps Ethiopian Airlines management to see whether the marketing strategy put in place resulted in better performance of revenue growth
- It helps other researchers who want to make further study on the area afterwards as a source of reference and to conduct additional studies
- It gives information to policy makers that how the revenue generation of Ethiopian Airlines is affected by digital technology which help them in their decision concerning the digital infrastructure of the airline and the country in general
- It also gives other stakeholders input as to the business environment Ethiopian Airlines is in and the effort of the management to tackle the prevailing challenges

1.7. Scope/ Delimitations of the Study

The study concentrated on the effect of digital sales on revenue maximization of Ethiopian Airlines. The marketing concept rests on four pillars: target market, customer needs, integrated marketing, and profitability. Companies perform best when they select target market and provide tailored marketing programs. Identifying customer needs is important because needs of customers have to be satisfied to attract new customers and retain the existing. Various marketing functions must work together taking the customer point of view as the focus and other departments must also embrace marketing. Firms should aim to achieve profit as a consequence of creating superior customer value, by satisfying customer needs better than competitors. Kotler P. (2000)

Given the above, the researcher focused on the following variables in the case of Ethiopian Airlines by considering the problems observed in the enterprises revenue performance.

- Ethiopian Airlines' digital connection with its customers
- Ethiopian Airlines' digital management of the relationship with its customers
- Ethiopian Airlines' digital development of the offering to its customers
- Ethiopian Airlines' digital delivery of the offering to its customers

The study was delimited to employees and management staff of Ethiopian Airlines who were working under the Integrated Marketing and Communication Division.

1.8. Definition of Terms

Sales

Sales include operations and activities that have to do with promoting and selling goods or services. Modern sales focus on relationship building to help create trust between a buyer and seller and effective sales requires understanding the needs of the buyer and develop a persuasive message to help differentiate the company's product.

Digital Sales

Digital Sales is sales that involves the use of virtual channels to reach out to prospects, provide education, and ultimately offer a solution that uniquely meet their needs. It is the ability to scale relationship building using social and digital channels. It doesn't involve eliminating what salespeople used to do but complements it digitally.

Static Media

Static media as the name indicates is media that does not move. Newspapers, magazines, posters and books are all examples of static media. They cannot be altered once they have been written.

Dynamic Media

Dynamic media is the opposite of static media and consist of websites, social media and online forums. They are constantly updated and are interactive.

Offering

An offering in marketing is the offer made to customers in its totality. It is more than the product itself and includes elements that embody additional value to customers, such as availability, convenient delivery, technical support or quality of service.

Revenue Maximization

Revenue maximization is a business objective that a company focuses to increase its sales level, ensure continuous sales growth to grow in size and capture higher market share in an industry in order to maximize long run profits.

1.9. Organization of the Study

This study was organized in five chapters. The first chapter is composed of the introductory part where the background of the study, statement of the problem, the research questions, the study objectives, the research hypotheses are addressed followed by indications regarding the significance and scope/delimitations of the study. The second chapter deals with the review of related literature where theoretical and empirical evidences are discussed. The third chapter presents the research design and methodology. The fourth chapter is left for discussions of findings of the study and interpretation while the fifth chapter is for conclusions, discussions, and recommendations.

Chapter-2

Literature review

This chapter presents a review of literature selectively adopted for the purpose of this study. Book chapters, and journal articles relevant to the study were considered. The chapter provided insight to the marketing mix in an electronic environment, characteristics of modern selling, and covered topics that discussed revenue maximization through sales and marketing in general and digital sales in particular in line with the objective of the study. Empirical studies relevant to the objective of the study which examined the relationship of digital sales with company revenue were also discussed. Finally, a conceptual framework drawn from the theoretical and empirical literatures was presented taking determinant factors of digital sales that were believed to affect company revenue maximization.

2.1. Introduction

The marketing mix concept was introduced by Neil Borden in the 1950s, and the mix of different means of competitions was soon regrouped to 4Ps (i.e. product, price, place, and promotion) by McCarthy. These 4Ps help to highlight some unique aspects of e-marketing. Product: Air transportation companies provide an array of travel information (e.g., product, destination, flight) by their websites to enhance the product and service offerings, and facilitate the web based marketing. Online check-in, e-ticketing, seat selection, online pre-flight meal selection, lost-and-found, and more user friendly features could increase value added of products. Price: the e-marketing environment allows for application of pricing mechanism such as forward auctions, reverse auctions, dynamic pricing and 'name your own price'. Furthermore, online differentiated pricing strategies mean that there are a range of products available that suit the needs and incomes of different online customers which would influence them to revisit the website for more transactions. Promotion: traditionally the promotion function consist of advertising, personal selling, public relations, and sales promotion. The virtual value chain in an e-commerce environment can offer several venues to advertise products and services. With airlines, special travel packages, or discounted packages are offered to attract the internet user's attention. Promotional means such as souvenirs, gifts, coupons, and cash discounts can be incorporated in the content of the website to reward and cheer up customers for using online booking and payment.

Place: the basic function of 'place' is to provide a medium for transaction such as online reservations, reservations tracking, and online payment. Good transactional functions, including easy ordering, easy payment, and easy cancellation, can attract more customers to purchase tickets on the website. Also, a quality website can give links to the related travel sectors such as restaurants, hotels, museums, and other attractive website, which may provide the products or services that the customer needs immediately. To update the marketing mix for the internet, scholars proposed the e-marketing mix that included new elements such as personalization, privacy policy, and website design. Others used the 4Ps model comprising customer relationships and technologies of interactivity and connectivity as a tested framework (called the marketplace model) for evaluating the business transformation on the internet. Tsai W., Chou W. and Leu J. (2011)

This study focused on determining the effect of digital sales on maximizing revenue of Ethiopian Airlines. According to Jobber D. and Lancaster G. (2009) Sales force automation software has developed through a series of different generations over the past decade: the first generation involved equipping the sales force with laptops, other types of computing and data storage devices which at first contained applications such as spreadsheets and word processors and later on tied into other applications on personal computers that has helped salespersons manage contacts and time, and increase their selling effectiveness; the second generation helped create the networked sales force mainly pushed by managers who were conscious of the benefits of the first generation technologies to their sales representatives and wanted to use it at a corporate level; the third generation was marked by technology-enabled selling which offered a variety of functions to help salespeople acquire and close more business, namely the ability for sales to receive leads from marketing and other departments, organize all information around a sales opportunity, to track successfully closed opportunities and business contacts with multiple addresses and contacts, and to produce on-the-spot, customized, accurate product configurations and proposals.

There are six characteristics of modern selling according to Jobber D. and Lancaster G. (2009): Customer retention and deletion: that it is vital to direct resources to retaining existing high potential and highly profitable customers and drop or find other relatively cheap means of servicing like telemarketing and/or the internet for those small customers whose servicing cost the organization more money than the revenue generated. Database and knowledge management: that the modern sales force needs to be trained in the use as well as creation of customer databases, and how to use the internet to support the sales task like finding customer and competitor information.

Customer relationship management: that the sales force focuses on the long term and not simply on closing the next sale emphasizing on creating win-win situations with customers for both parties to gain and want to continue the relationship. Marketing the product: that the role of the salesperson is expanding to participation in marketing activities such as product development, market development and the segmentation of markets, as well as other tasks that support or add to marketing activities such as database management, the provision and analysis of information, and assessing market segments. Problem solving and system selling: that much of modern selling, particularly in business to business situations, is based upon the salesperson acting as a consultant working with the customer to spot problems, determine needs and recommend and implement effective solutions. Satisfying needs and adding value: that the modern salesperson must have the ability to identify and satisfy customer needs and further stimulate need recognition.

As per Kotler P. (2000), the market place is not what it used to be. It is changing radically as a result of major forces such as technological advances, globalization, and deregulation which have created new behaviours and challenges. He observed that customers increasingly expect higher quality and customized service, perceive fewer real product differences and less loyal to brand, obtain extensive product information from the internet and other sources permitting them to shop more intelligently, and are showing greater price sensitivity in their search for value. He also noted that major marketing themes: From attracting customers to stores and having salespeople call on offices to making virtually all products available on the Internet; Relationship marketing: From focusing on transactions to building long-term, profitable customer relationships; Customer lifetime value: From making a profit on each sale to making profits by managing customer lifetime value; Customer share: From a focus on gaining market share to a focus on building customer share through offering a larger variety of goods to their existing customers and by training employees in cross-selling and up-selling.; Target marketing: From selling to everyone to trying to be the best firm serving well defined target markets; Individualization: From selling the same offer in the same way to everyone in the target market to individualizing and customizing messages and offerings; and Customer database: From collecting sales data to building a data warehouse of information about individual customers' purchases, preferences, demographics, and profitability; as some of marketers responses and adjustments to the changing environment.

As per Jobber D. and Lancaster G. (2009) by far the most important decisions within the marketing program, and indeed the essence of the marketing manager's task within a company, are decisions on the controllable marketing variables: decisions on 'four Ps' of price, product, promotion and

place (or distribution) which taken together, these four variables, with the chosen market segments, comprise the marketing mix – a concept which is central to modern marketing practice. They went on further to indicate that the promotion element of the marketing mix is comprised of advertising, publicity, sales promotion, personal selling, and sponsorship which they collectively termed them as the communications mix and the act of getting them to work together in harmony as integrated marketing communications adding that the emergence of the internet and the increased use of direct marketing techniques specifically have more recently led to a greater emphasis on this aspect of the marketing mix.

Direct marketing is an attempt to acquire and retain customers by contacting them without the use of an intermediary. Today, the explosion of media has enabled companies to sell their product and services directly to customers using traditional media, like print and broadcast media, and e-mail, the internet and online services. As Kotler P. (2000) observed, innovative marketers are creatively combining traditional and new media to make direct, individualized offers to existing customers, to identify their best prospects, to better target their offers, and to measure their results more accurately and that despite the myriad marketing opportunities, this new-media world has also increased the level of competitive pressure, forcing small and large companies to combat for customers nonstop and around the world. He also noted that long-term customer relationship management is therefore driving the most successful direct and on-line marketing initiatives where companies, based on the information in their customer databases, can now customize their offers, messages, and media for more effective and efficient one-to-one marketing with the ultimate goal of stronger, more profitable bonds with targeted customers.

2.2. Theoretical Literature Review

2.2.1. Revenue maximization through sales and marketing

For long business organizations' focus was on operational excellence to achieve maximum revenue, however, a significance additional source of value creation potential exists in sales and marketing. Excellence in sales and marketing can lead to a tangible incremental improvement in revenue. Achieving these benefits require a paradigm shift and a laser focus on sales and marketing excellence comparable to the operations and capital transformation that took place in the 1980s and 1990s. Creating a revenue advantage requires developing a set of interdependent capabilities around six key elements, namely go to market strategy, value chain insight/segmentation, target customer identification/value proposition design, customer interface model, pricing, and

performance management. To develop a winning go-to-market strategy that enables a sustainable competitive advantage it should create significant value for customers and the customers' customers, a sustainable position within the value chain to enable the company capture its fair share of the value, should provide a distinctive competitive advantage from the customer's point of view, and target specific segments and customer needs to enable seamless execution. Once the marketplace has been differentiated, it is important to decide which segments and specific customers the organization aims to serve and, equally importantly, which ones it will not target. In light of the targeted customer base and value proposition design, companies must align their delivery models to what their target customers are willing to pay for (e.g., direct, inside sales, e-sales, third party distribution), explicitly charging higher prices or incremental fees for differentiated capabilities that create substantial value for the customers (e.g., rush orders/rapid delivery dates, less than truck load shipments, short lead times), creating a low cost customer interface model for specific segments that provides only the bare necessities to complete a transaction. At the end of the day, creating a revenue advantage hinges on the ability of the sales force to achieve the right contract terms, at the right price, at the right volume, at the right customers. Finally, the glue that holds an enhanced revenue capability together is a margin-oriented performance management system. Budde F., Felcht U. and Frankemolle H (2006)

Fernandez P. (2012), also suggests for a revenue focused paradigm shift around the changed landscape of buyer behaviour which has been brought about, in large part, by the internet and the information and influences it now provides the buyer and insists that organizations and the sales and marketing functions within organizations need to adopt to the new 'buyer journey' to survive and prosper in the years ahead. He also states that this change in approach is like the cultural changes of other business paradigms that have successfully diffused globally, for example, Six Sigma and Total Quality Management and that the traditional 'hunter' sales process requires a more connected approach to the full revenue generation process also requiring a rethink of alignment of the sales and marketing process and a far higher level of synchronisation between the functions for revenue success. He further indicated that marketing needs to become more 'left brain' oriented to analyse and assess revenue and demand opportunities through the huge swathes of customer data that are now available and will be, more so, in the future saying the transformation of social media forces companies to embrace social media to survive, and that the organisations that prosper will be those that are transparent to their buyers. He further noted that the sales process is actually becoming more about sharing information with buyers rather than all about closing sales

and prescribes a revenue model where the need for organizations to bring their marketing and sales functions together with a clear revenue focus to match the new buyer's behaviour profile and goes on to say that an effective revenue machine should understand the buyer's journey from the very start, and understand and deal with the fact that this journey is far more non-linear than was previously and outlines the key stages of the revenue funnel, as finding prospects (seed nurturing), nurturing and scoring leads, and effectively engaging with leads to make sales.

He finally suggests required adjustments to the changing buyer's journey and in the seed nurturing stage, he suggests having a presence across multiple channels, having interesting and relevant content using Search Engine Marketing as well as understanding and relating to all contacts, at their level, to turn them into leads. In the nurturing and scoring leads, he stresses developing an engagement process that develops relationships with all leads, making good first impressions, staying in touch and providing tactical offers at the right time. He suggests scoring leads based upon criteria fitting, and continually using this criteria scoring to prioritise leads effectively. He adds that ongoing lead prioritisation and lead engagement lifts conversion rate, and he stresses on understanding the key touch points of engagement with the leads.

Taking the airline industry, Venkat R. (2005), define revenue management as the science of maximizing revenue given market demand, schedules, competition and fares and suggests a sales-centric revenue management which encompasses developing technological solutions and enterprise wide training programs that foster revenue management principles to be adopted throughout the airline revenue generation cycle. He further noted that this process helps the airline to deploy resources surgically to generate revenue, build meaningful relationships reducing internal conflicts while marching towards profitability goals and also that investment in technology helped to standardize the interpretation of information and rapid dissemination to ensure dramatic reduction in responding to competition and time to market.

Vinod B., Ratliff R. and Jayaram V. (2017) discuss the concept of offer management as one which entails the creation of dynamic, custom personalized offers consisting of a flight itinerary and ancillary products offered by an airline and that an important precept of offer management which enables maximizing ancillary revenue is to maintain the identity of each discrete ancillary in the bundle to achieve its objective of offering the right bundles to the right customer at the right price at the right time. They also noted that the initial focus of airlines in the area of merchandising and ancillaries has been on execution; these execution oriented systems provide the ability to sell ancillaries and sell-up of branded fares through the direct channel and agency channels while an

offer management platform should include decision support capabilities as well complement real-time execution systems for generating targeted offers to customers that maximize revenues.

Ranganathan G. (2016) noted that While sales, marketing and network planning departments are critical in execution, it is the information stored within the RM systems—bookings, yields, revenues both historical and forward—that are the heartbeat of the modern airline analytics and that this approach is very RM-centric which is as good as the RM system allows it to be, holding back other functions from being strong analytics players. He also put his observation that as good as the RM systems have been in delivering great results in the past, there are several limitations in today's RM systems that are holding airlines back from enterprise optimization and hence the need for modern airlines to move out of RM centrality and into the realm of enterprise analytics to overcome these limitations. He further noticed that with most airlines using RM systems and RM teams to maximize revenues, and customers being more aware of RM pricing mechanisms enabling them to learn how to get the best deal, the ability of RM techniques to deliver competitive advantage and incremental revenues has been blunted.

He went on to identify the areas of technical limitations of the RM systems as unidimensional demand forecasting which does not see the full picture resulting from RM systems' ignorance of other dimensions of the drivers of airline demand such as geography (point of sale), channels, sales teams, customer segments among others and instead focusing on routes and fare class; constrained demand forecasting which is inaccurate where once the number of seats allocated is sold the booking class is closed and more bookings looking for seats in that class(at that price and with those fare rules) are not accepted effectively blocking tracking of bookings that are denied underestimating the 'true' demand; unreliable and inaccurate time series forecasting which uses historical time series and exponential smoothing techniques on flight-booking class level historical demand that does not consider the structural changes in demand drivers over the years (in the shape of breakdown of fare rules driven by incursion of LCCs and falling prices driven by transparency of fares in the internet channels which have led to traditional fare fences being torn down and demand spiralling down); the focus of RM systems on inventory control instead of dynamic pricing focusing on what the supplier is willing to accept rather than what the customer is willing to pay, which is supply-side focused rather than being customer-centric, posing a significant problem for customer segmentation(if the underlying segments are purely defined by price and if fare rules mean very little to customers it renders these inventory-controlled RM systems unable to change the price differentially based on customer profiles and choices) leaving pockets of revenue opportunities untapped; the transactional nature of RM process agnostic to

customer lifetime value in that customer lifetime values are not factored in directly in evaluating RM pricing or inventory control decisions because they are not able to change price differentially based on customer profiles and choices there by taking any two customers as equals if they pay the same price for the inventory available for sale to them ignoring their historical purchases or future likelihood of purchases leading to short term transaction value maximization and not life time value maximization; that RM systems are not business intelligence systems in that they are not designed to produce any meaningful business intelligence interfaces and reports as they are built for operational purposes with a focus on automated pricing decision support making them unable to deliver insights from the raw data; and that RM systems cannot assess impact of commercial actions because they cannot quantify the impact of any of the four Ps of marketing- Price, Promotions, Placements and Product so that any activity that is driving demand is implicitly captured in the time-series modelling of historical demand leaving RM systems devoid of one of the most basic types of analytical help the commercial department managers need.

Having identified the above drawbacks in RM systems, Ranganathan G. (2016) suggests the remedies are found in multidimensional unconstrained demand forecasting and optimization using advanced analytics which he referred to 'Big Data analytics'. He characterized this Big Data as having volume, variety, and velocity and also more tangibly as an attribution and growth of transactional data where the attribution refers to adding details to what is normally found in the transactions citing example, in the airline context, of two types of transactions where one is existing transactions (bookings) and the other is new transactions (website visits, facebook comments, etc) where if there is a way of linking these data into the transactions it adds significant information to the transaction about the customer describing the transaction in richer details. He said this Big Data is coming in the form of an enormous increase in new transactions (not just bookings) and an enormous increase in attribution (detail) of these transactions (booking and others) whose combination is producing a very rich and exploding data capture.

He went on further to indicate that today's modern airline has a variety of data sources that are producing streaming (continuously flowing) data in different velocities for the organization to consume and identifies weblog data as goldmine of information about customers and the online journey that took them to the airline's website which if collated and tapped well could result in significant learning that can be used to improve sales channel effectiveness, customer analytics and products. He also identifies social media data as another source where there have been increasing interactions between airlines and customers through social media which give a significant opportunity for the airlines to shape various aspects of their products and services and

execute operational functions such as customer service and helps for a significant commercial value to be derived from customer sentiment analytics and the adjustments needed to drive increasing brand value. He further explains the opportunity in social media usage is in harnessing the data to improve the product and service continuously and describes that social media inputs are unstructured and that feedback about products and services are continuously streaming in real time through these channel where the airline needs to use text analytics to convert this unstructured data to structured data and then, once this step is done, bring in customer structured data to add colour and dimensionality to the imported unstructured data which eventually may help the airline learn the following types of signals like, for example, top-tier FFP customers may be telling service levels in the airport lounges are dropping mentioning specific sectors, students may be telling deals and services offered to students are not competitive, elder travellers may be telling that they like to turn to competitor X and Y for vacation packages for giving them the best deals, or corporate travellers may be telling they use the airline for business travel but other airlines for personal travel with their families. Finally he puts his observation that the data carrying these powerful insights are being lost along the way as there are no clear data planning, stewardship, and analytics to derive these insights and present them to the decision makers and suggests, once structured customer data are mixed with social media data, the next step is to enrich this mix by adding in all the other dimensionality of structured data such as channels, segments, POS, routes, and time to give a full structured context to the original unstructured streaming data that is coming in and what emerges is a clear signal coming from the streaming social media inputs about the products/services in the various dimensions.

2.2.2. Digitally connected customers and revenue

Customer information shared by the sales force, by way of updating the data base is crucial to integrated marketing communication as it makes customer data available to all members of the organization who might have contact with existing and potential customers. Collecting market information and intelligence has become an important part of the task of selling. The information gathered feeds into the company's marketing information system (MKIS) which has three inputs: marketing research, market intelligence and the company's own internal accounting system. Of the three inputs to the MKIS, the role of the sales people is indispensable in providing information related to Market intelligence which relates to information about competitors and the products and services they supply, including data on how they generally 'perform' with their customers. This

Market intelligence information also relates to the company's own customers where it comes from the company's own employees but much of it comes from field sales personnel. The sales people responsibility as collectors of such information is expanding and their interaction to the MKIS as part of their routine activity means their information technology skills are increasingly important. The output from the MKIS, of course, contributes to the strategic marketing planning system and the role of individual salespeople is becoming of more strategic value as their regular reports are incorporated into the MKIS, which in turn inputs into the organization's longer-term marketing plans. Jobber D. and Lancaster G. (2009)

Understanding customers is important to successful business. Advances in information technology have enabled marketers to gather large amount of data on customer behaviour which they use to segment customers based on such variables as product usage, repeat purchasing rates and purchasing patterns. The use of electronic point-of-sale machines is providing individual customer wise detailed information which combined with personal information that the customer provides while signing up, say for, loyalty schemes, give companies an understanding of how their customer buy products, how their purchase pattern changes over time and even help them infer why they buy. O'Connor J., Galvin E. and Evans M. (2004). The internet affects selling and sales management in many ways. Data can be captured from responses to website offerings in terms of frequency of order, size of orders, types of purchase, methods of payment, etc. This provides a clearer picture of customers for easy profiling, segmentation and targeting along the lines suggested. But as Jobber D. and Lancaster G. (2009) noted, a move by a company to attract as many customers as possible because the internet allows access to any online customer at anytime and anywhere in the world result in lack of focus and argues that companies should adhere to the principles of sales and marketing management such as targeting as focus on specific target audience is crucial.

A company can identify its target customers but may fail to understand their needs because some are not fully conscious of their needs or cannot articulate them. Kotler P. (2000) distinguishes among five types of needs: stated needs, real needs, unstated needs, delight needs, and secret needs and argue that responding to stated needs may be unfairly treating the customer in that the salesperson appears to be a responsive marketer who finds a stated need and fills it as compared to an anticipative marketer who looks ahead to the future needs of the customer and that of a creative marketer who discovers and produces solutions that customers did not ask for. The internet helps sales people to better understand their customer's needs, as Jobber D. and Lancaster G.

(2009) indicated, through its interactive opportunities the internet offers information not only about buyers' current tastes and preferences but also information about their potential needs which makes it a valuable source of new product ideas. According to Kotler P. (2000), the reason that it is supremely important to satisfy the needs of target customers is because company sales comes from two groups, namely new customers and repeat customers, and argues that attracting new customer can cost five times as much as pleasing an existing one and 16 times as much to bring the new customer to the same rank of profitability as that of the lost customer.

More marketers are exploiting information technology to build sophisticated customer databases which provides an organized collection of comprehensive data about individual customers or prospects that is current, accessible, and actionable for such marketing purposes as lead generation, lead qualification, sale of a product or service, or maintenance of customer relationships in order to shift from mass marketing to highly targeted, one-to-one marketing. They use the database to identify the best prospects based on the response that come in to the data base from previous offers and then contact them by mail, phone, e-mail, or personal sales call in an attempt to convert them into customers; to decide to which customers a particular offer is made by setting up criteria describing the ideal target customer for an offer and then searching the database for those most resemble the ideal type and even some companies doing the database search by such criteria as customers' cost of retaining versus revenue he/she represents to identify customers with more profit potential; in addition companies use the data base to deepen customer loyalty by remembering customer preferences and by sending gifts, and utilize the data base to reactivate customer purchases by using automatic mailing programs to send customers birthday or anniversary cards, holiday shopping reminders, off-season promotions, or other timely offers. Kotler P. (2000)

2.2.3. Digital customer relationship management and revenue

A good customer database can be a potent relationship-building tool in that it gives companies an all-round view of their customers and how they behave. The customer database might contain a customer's address and region (geographic data), age, income, family members (demographic data), activities, interests, and opinions (psychographic data), and buying preferences and the recency, frequency, and monetary value [RFM] of past purchases (buying behaviour). Companies make use of their databases in many ways including to generate sales leads and learn about customers in detail in order to locate good potential customers and also adjust their market offerings and communications to the special preferences and behaviours of target segments or

individuals which points that a company's database is an important tool for building stronger long-term customer relationships. Kotler P. and Armstrong G. (2011)

The customer data base has both operational and analytical uses. Accessing the database to assist on customers' request or make operational decision relate to its operational use while search for historic and transaction data to create or adjust a particular product offering or promotion relates to its analytical use. Most of the analysis falls into one of the three categories commonly referred to as RFM which stands for recency, frequency and monetary value. Recency is an important concept which calls for focusing on customers actively responding to offers but caution should be taken not to take a short-term view and lose sight of customers with future potential. Frequency and monetary value are related characteristics and good marketing analysis allows targeting based on customer profitability and hence helps companies to target their marketing messages exclusively to their most profitable customers. Many commentators have stressed that relationship marketing is all about developing long standing, meaningful relationships with customers and emphasize that long-term customers are more profitable because regular customers place frequent, consistent orders and, therefore, are less costly to serve; longer-established customers tend to buy more; satisfied customers may sometimes pay premium prices; retaining customers makes it difficult for competitors to enter a market or increase their market share; satisfied customers are a source of referrals of new customers; and the cost of acquiring and serving new customers can be substantial. O'Connor J., Galvin E. and Evans M. (2004)

Advances in information technology offer new opportunities and challenges to establish, develop and manage customer relationships. Interactive communication is seen as the conductor to relationships which can drive brand and more importantly provide up-to-date information on customers' needs and thoughts. As a result, interactive databases have become the platform companies are using to tailor and target their messages to attract and retain customers. Advanced technology now permits businesses to track the progress of an enquirer or customer and focus as a result has been increasingly shifting from mere product profitability to the profitability of customer relationships. The cost of acquisition; the losses of customers or would-be customers at various key stages in the relationship will determine customer profitability. These key stages consist of enquiry, conversion to customer, repeat purchase, up-trade, threatened dormancy, and recovery. The probability of loss usually inversely related with the length of the relationship. The customer database not only facilitates measurement of this relationship, but more importantly enables corrective action to be taken more easily. Accordingly, an offer may be triggered to avert

the customer 'going dormant' and in the event the customer fails to respond and does go dormant, further offers may be made to re-start the relationship or recovery of the customer. Here a customer development and retention strategy is vital which could provide the means to retain customers which may be a retention strategy based on customer care and a development strategy based on sales promotion. Jobber D. and Lancaster G. (2009)

Customer relationship management (CRM) refers to the methodologies, technologies and e-commerce capabilities used by businesses to manage customer relationships. The CRM software packages assist the company's interaction with its customers enabling the firm to co-ordinate all its communications so that the customer is presented with a unified message and image. One basic principle behind CRM is that company personnel should have a 'single customer view' of each client because customers are now using multiple channels more frequently where they may buy one product from a salesperson, another from a website, or from a distributor. Interactions between customer and company may take place through a combination of some, or even all, of the following: direct sales force, call centres, websites, email and fax services or distributors. Therefore, it is crucial that no matter how a customer contacts a company, front-line staff have instant access to the same data about the customer, such as their details as well as past purchases. This requires pooling the databases held by individual company departments into one centralized database that can be accessed by all relevant staff on a computer screen. Although the term CRM is relatively new, the ideas and principles behind it are not. Businesses have long exercised some form of customer relationship management. What sets present-day CRM apart is that companies now have an increased opportunity to use technology and manage one-to-one relationships with huge numbers of consumers. The internet, increasing use of email campaigns as a replacement for direct mail and extranets as forms of external communications and the growing use of intranet systems to facilitate internal communications are evidences how information technology can aid buyer-seller relationships. These developments in information technology have increased the scope to collect, analyze and exploit customer information. The internet offers companies unprecedented opportunities for understanding their customers in depth and for customizing offerings to meet their preferences. Jobber D. and Lancaster G. (2009)

2.2.4. Product/service offer digitally and revenue

Today, there are tens of thousands of commercial databases available worldwide, covering information on business, technical and scientific information, company reports, broker reports, newspaper and journal articles and patent documents. Customers take advantage of these

commercial online information services in the form of variety where a wide range of services which can be accessed by subscribing to a single supplier; advantage of up to date information in that many databases are updated at least daily if not more frequently; advantage of cost efficiency in that customers can access a wide variety of information where the benefits outweigh the subscription charges; and advantage of accessibility of information due to the fact that using the internet, databases can be accessed 24 hours a day and 7 days a week from any part of the globe. O'Connor J., Galvin E. and Evans M. (2004)

There have been both demand-side and supply-side reasons for the growth of the direct data-driven approaches within marketing. From the demand-side, there have been changes in market behaviour and change in the effectiveness of traditional media. Some of the more significant changes in market behaviour include market fragmentation and demassification manifested in great pluralism within society which is evident in the high street where pluralism in clothing styles is observable; increase in the number of working women seeking time saving purchasing methods and becoming more independent and hence requiring narrower targeting; increase in divorce also increasing small and single households relating to both sexes resulting in more men deciding which washing powder they will buy and more women buying cars and pensions for themselves. The increasing trend away from cash to credit as the means of payment, debit and smart cards, through the post and over telephone and internet cables, has enabled purchase behaviour to take place when the customer wants it – 24 hours per day and from the armchair, office phone, laptop computer or mobile phone. The traditional promotional media could not prove to be of much help with market fragmentation resulting in diminishing audiences for individual media, soaring media costs and consumers suffering from 'clutter'. The supply side on the other hand is concerned with changes in information about customers and also on technological improvements that have facilitated the collection and analysis of huge amounts of detailed and personalized information. There has been a tremendous increase in the availability and collection of personalized customer data due, in part, to the relative decline of demographic segmentation variables, due to their lack of explanatory depth and their relatively broad targeting capabilities. The typical market profiling according to age, gender and social grade gave way to parallel profiles in psychographic and geo-demographic terms because of their potential abilities to understand target customers in finer detail, even individually, and to target them equally specifically. O'Connor J., Galvin E. and Evans M. (2004)

Direct marketing is seen to have the potential to overcome the difficulties and achieve more effective targeting. Direct marketing is convenient, easy, and private. Direct marketers' doors are

always open and customers don't have to travel to and through stores to find products. From their homes, offices, or almost anywhere else, customers can shop through the Web at any time of the day or night. Business buyers can get information about products and services without requiring salespeople. Direct marketing gives buyers ready access to a variety of products. Direct marketers can provide an almost unlimited selection to customers almost anywhere in the world. (Kotler P. and Armstrong G. (2011)

2.2.5. Digital delivery of product/services and revenue

As Kotler P. and Armstrong G. (2011) noted marketing and promotion tools that were developed in the context of mass marketing were characterized by targeting broad markets with standardized messages and offers distributed through intermediaries; and further noted that today, however, given the trend toward narrower targeting and the surge in digital technology, direct marketing is adopted by many companies as either a primary marketing approach or as a supplement to other approaches. To compete successfully, a sales force must have a wide range of skills today more than ever. Those days when salespeople required simple presentational and closing skills to be successful are gone.

During the 1990s the internet began to challenge the telephone as a mainstream channel for sales and service. The big advantage of the internet has been the reduction of the cost of having a human operator, its ability to easily deal with large 'spikes' in demand that call centres have always found difficult, and enabling customers to transact whenever they want, 24 hours a day, seven days a week. The traditional shopping involves travelling to a store, selecting items, taking them to the checkout, queuing, paying and then taking them home, an experience many consumers consider unpleasant and in comparison shopping over the internet is rapidly gaining in popularity. Due to the rapid take off of the internet, many consumer industries have moved to direct delivery channels. Although its virtual nature cannot accommodate preference of some customers to 'feel the fabric' and 'smell the fruit', companies are somewhat providing a compromise by allowing customers to upload their pictures and 'try on' different garments or even to use 'virtual assistants' who guide through the virtual store. Today, mobile telephones and personal digital assistants (PDAs) have become multifunctional, supporting a range of commercial activities and despite there are few companies which operate solely through a mobile internet, it is becoming a recognized channel for both sales and customer service. O'Connor J., Galvin E. and Evans M. (2004)

Interactive digital television (iTV) promised a new era of hundreds of channels, increasing consumer choice. Its effect in decreasing the advertising reach through any single channel was not necessarily bad news for advertisers as smaller television audiences are accompanied by lower advertising costs for transmitting a much more focused marketing message to a group of customers than was previously possible. Interactive home shopping, supported by digital television, may give an additional boost to television shopping. Currently, few of the television-based home shopping services will be interactive until iTV becomes ubiquitous. Traditional home shopping services work with dedicated shopping channels that display and promote a single product, and provide a telephone number for the viewers to call to place their orders. Digital shopping channels will in the future allow viewers to browse through a wide variety of items, obtain significantly more information on the product or service, and order directly through the television set. For many years kiosks have been used in a variety of industries, particularly for the distribution of tickets or where information needs to be conveyed in multimedia format. Well-known museums in London, for instance, have rolled out kiosk technology as a means of extending their marketing reach. Looking at the many years that took for ATMs to become established, although kiosk technology has been slower to establish itself as a mainstream distribution channel, it is not unreasonable to expect the second or third generation of kiosk technology to be more successful than the first. Some kiosks allow consumers to input their characteristics and for products to be tailored accordingly; for example, Levi provides such interactive kiosks for the direct ordering of personalized jeans based on the customer's measurements. O'Connor J., Galvin E. and Evans M. (2004)

Most of the above examples reinforce the trend toward interactivity. More interestingly, many ATMs and kiosks are now becoming web-enabled as well, providing the promise of bringing e-commerce directly to your local cash machine. More technology is facilitating interaction between organizations and customers, whether it is kiosks, the internet, telephony or interactive TV. ATMs are losing their fixation with cash and are beginning to offer other services. The latest ATMs, located away from banks, enable customers to withdraw cash, buy cinema tickets, which the machine prints itself, and make hotel reservations. As well as dispensing cash, they will sell cards for pre-paid mobile phones and run promotional advertising. At present, ATMs are not linked to the internet but later they will be – enabling customers to purchase goods and bringing e-commerce to the cash machine. In another development, full-motion advertisements are now running on the screens of ATMs Trailers are a natural choice for showing off the video capabilities of new, sophisticated ATMs, and since people often stop to pick up cash before going to see a flick, a 15–30 second trailer, with sound, could influence what they see. The ads don't lengthen the transaction

time – they play while the ATM is already processing. It’s what advertisers dream of – customers can’t change channel and they can’t walk away, at least not without leaving their cash. In addition to the cost effectiveness that door-to-door direct marketing can provide its new-found targetability places it alongside the likes of direct mail. Inexpensive and more accessible geodemographic targeting systems have vastly improved the accuracy with which door-to-door sales can be accomplished, while still leaving it cheaper than its direct media counterparts. O’Connor J., Galvin E. and Evans M. (2004)

Increasingly there is a trend towards using several different channels simultaneously to target different market segments. Many banks now use call centres and online banking in conjunction with normal branch operations and ATMs. Each of these channels has its own set of advantages and disadvantages. ‘hybrid marketing’ is the term used to describe this situation where companies use a number of different channels to go to market, their advantages being increased coverage, lower costs and customized approaches. Channel management decisions are changing rapidly with e-commerce. Many organizations are following the lead of companies like Dell and selling their products direct to the end consumer. Other direct channels, such as the telephone, ATMs and more recently digital television, are also experiencing rapid growth. The change in indirect channels brought about by technology, including the introduction of electronic point- of-sale (EPOS) systems which allows the sharing of information between channel partners like supermarkets and manufacturers and can ultimately lead to better supply chain efficiencies. In the electronic marketing world, the concept of hybrid marketing is important, since organizations now need to manage multiple distribution channels. O’Connor J., Galvin E. and Evans M. (2004)

2.3. Empirical Literature review

Teklay N. (2018) found that both employees and customers of Commercial Bank of Ethiopia perceive that direct marketing (mobile marketing, e-mail, call centre, website) has an effect on the bank’s profitability.

Nuseir M.T. (2016) researched to look into the impact of online marketing strategies and digital media on improving brand loyalty and customer retention and this study showed that the majority of the respondents agreed that they are influenced by the internet marketing of the products or brands which also induced them to purchase those brands or products. Also, the survey result showed that majority of the participants agreed that they purchased the online internet marketed product and because they liked that product so they repurchased that product again. This shows

that the internet marketing has helped the company to retain its customers and increased brand loyalty. The result showed that internet marketing has facilitated the companies and brands to progress further and enhance the customer retention ratio.

Ye Q., Law R. and Gu B. (2009) studied the impact of online user reviews on hotel room sales based on consumers' reviews on a travel website in China selecting hotels in three major cities in China and collecting the reviews posted for a period of 12 months and found that online consumer generated reviews have an important impact on online hotel bookings.

Alam M. S., Wang D. and Waheed A. (2019) looked into the impact of digital marketing tools on consumers' online impulsive buying tendencies(OBIT) based on four hundred randomly distributed surveys to online shoppers in Pakistan and found that there is a positive association between digital marketing and OBIT suggesting marketers to reshape marketing campaigns using these flourishing promotional methods which are highly acceptable by consumers because it is more vigorous to attract consumers the way they like to engage since currently a range of individuals are committed with such evolving technologies.

Ahuja, V.(2015)studied on the use of corporate blogs, which is part of a new interactive marketing communication tool offered by the web, by organization as tool to foster community interaction and organizational participation and found out that 'accepting feedback and allowing a two way interaction between organization and user' was the most important contributor to the function of interactivity of a corporate blog and that ability to locate information a user is looking for, building brand relationships are other significant contributors to the function of interactivity as per a user perception.

Kohli A. (2017) examined the impact of digital technologies on the three sets of activities the concept of market orientation is based, namely on generation, dissemination and responsiveness to market intelligence, and found that digital technologies have made it possible for businesses to become much more adept at generating, disseminating and responding to market intelligence thereby asserting their positive contribution to business performance as well citing previous empirical evidence showing a positive relationship between a business's market orientation and its business performance.

Hair N. et al. (2012) explored the advantages and challenges that the networked world offer to the digital entrepreneur and examined the role of electronic community and communication and how successful digital entrepreneurs take advantage of these electronic community technologies to help

more effective communication with customers, partners, the digital organization, and in communicating the “product” of market orientation to the marketplace. They found out that there is the potential for greater application of market orientation by the digital entrepreneur by the use of electronic communities and, more generally, Computer-mediated communication (CMC).

Macky K. and Hollebeek L.D. (2019) studied the role of digital content marketing(DCM) in fostering consumer engagement, trust and value and found out that digital content marketing had a positive impact on firms through a three-tier impact sequentially building from DCM’s first-tier consequences of consumers’ brand related sense making, identification, and citizenship behaviours which subsequently derive the development of DCM’s second-tier consequences of cognitive, emotional, and behavioural brand attitudes and finally these consumer based effects culminating in a particular level of the third-tier, value-centric outcomes of consumer and firm-based brand equity.

Park J.W. and Seo E.J. (2018) in their study to analyze the effects of social media marketing activities (SMMA) on brand equity and customer response in the airline industry based on a survey conducted with a total of 302 passengers who used social media managed by airlines found that airline SMMA had significant effects on brand awareness and brand image confirming that they SMMA are a precedent contributing to airline brand equity. They also found that brand awareness had a positive effect on commitment, confirming that airlines with low awareness could actively pursue SMMA to increase awareness and develop committed customers. The study further showed that brand image significantly affected e-WOM and commitment, demonstrating that SMMA had a positive effect on brand, thereby developing committed customers by affecting customer emotions and e-WOM.

2.4. Conceptual Framework

According to O’Connor J., Galvin E. and Evans M. (2004), even if classifications such as B2B, B2C and G2C are useful in setting the broad scope of e-commerce activities, other frameworks are required to show how new business models work. They argue online categorization of businesses such as affiliates, communities, infomediaries and merchants can be a starting point how business models work, and that the model with four pillars of product innovation, customer relationship, infrastructure management and financials shed further light. They also noted that while many internet start-ups had the first three pillars in place, only a few have a strong financial model and underlying profitability and looking at how some old businesses have been destroyed in the face

of internet-based competition, while many have proved remarkably resilient, that with hindsight, marketers must conclude that the internet is a new channel instead of a new business model, and that brand is still very important. In line with the above observation, they propose a new model for electronic marketing based around acceptance that we live in a buyer-driven world, that marketing must become technology-enabled, that electronic marketing is more than internet marketing and, finally, that a new electronic marketing framework is required to integrate these new components.

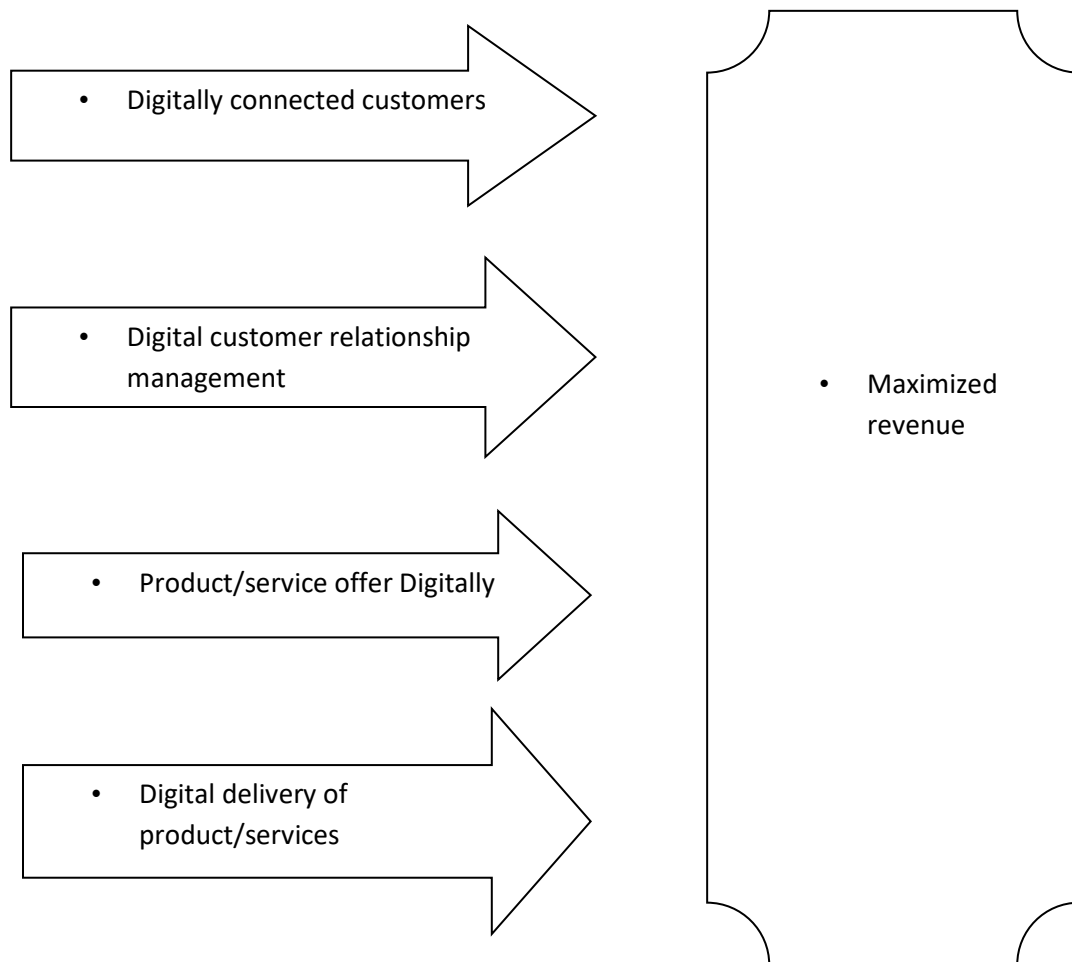


Figure 1 Conceptual Framework

Source: Adapted with modification from: O'Connor J., Galvin E. and Evans M. (2004) Electronic Marketing: Theory and practice for the twenty-first century.

Chapter-3

Research Methodology

This chapter discusses the methodology used in this research. It includes explanations on the research design, research method, data sources and types, population and sampling technique, data collection instrument, and data presentation and analysis. In the end ethical considerations are discussed.

3.1. The Research Design

According to Hair J.F. et al. (2017), selection of a descriptive research design is based on three factors: (1) the nature of the initial problem or the opportunity; (2) the research questions; and (3) the research objectives. When the research problem or opportunity is either to describe characteristics of existing market situations or to evaluate current marketing mix strategies, a descriptive research design is the appropriate choice. Where research questions include issues such as who, what, where, when, and how for target populations or marketing strategies, then a descriptive research design also is most appropriate. Finally, if the job is to identify relationships between variables or determine whether differences exist between groups, then descriptive research designs are generally best.

Explanatory researches are studies that establish causal relationships between variables where the emphasis is on studying a situation in order to explain the relationships between variables. Sometimes a research can be descripto-explanatory study where the purpose is both descriptive and explanatory and where usually description is a precursor to explanation. Sauanders M, Lewis P. and Thornhill A. (2009)

The task of this study was to identify relationships between variables, namely between digital sales as an instrument for customer identification, customer relationship, product offerings and delivery on one hand and revenue maximization on the other. Accordingly, descriptive and explanatory types of research were used to achieve the research's purpose.

3.2. Research Method

Quantitative research approach was used in this study. Hair J.F. et al. (2017) noted that quantitative studies are descriptive in the sense that they use numbers and statistics to summarize

demographics, attitudes, and behaviours. Survey research methods are the foundations of quantitative marketing research and are most often associated with descriptive and causal research designs. The main goal of quantitative survey research methods is to provide facts and estimates from a large, representative sample of respondents. Thus, in order to achieve the objective of this study and answer the research questions quantitative research approach was used.

3.3. Data Collection Techniques

Questionnaire was used as an instrument of primary data collection. This goes in line with the observations of Hair J.F. et al. (2017) who noted that a questionnaire is a document consisting of a set of questions and scales designed to gather primary data and that a good questionnaires enable researchers to collect reliable and valid information. They also further noted that descriptive research designs use questionnaires to collect data that can be turned into knowledge about a person, object, or issue. The questionnaire was developed based on a review of literature where various statements relevant to digital sales determinants and constructs were identified and refined which were later given to selected digital sales experts in the company for comments based on which the statements were either omitted or reworded for inclusion in the survey. Before administering the questionnaire, adjustments were made based on comments from my advisor to validate whether the questions are adequate to serve the purpose of the research work. A five-point Likert rating scale from 1-Strongly disagree to 5-Strongly agree was used to measure the four constructs (Digitally connected customers, Digital customer relationship management, product/service offer digitally, and Digital delivery of products/services).

3.4. Sampling Technique

Since the scope of the study was limited to the problems and /or opportunities related to digital sales focusing on mix of customers of the airline, the target population is employees and management staff of Ethiopian Airlines who are working under the Integrated Marketing and Communication Division. All 73senior staff including experts and management staff under the Integrated Marketing and Communication Division comprised of five departments, namely the Departments of Digital Sales and Marketing, Direct Sales and Service Application Development, Sales Promotion and Advertising, PR and Corporate Communication, and Ancillary Sales and Business Development were selected. Therefore, the population size of this study was 73 staff as described above. These respondents were selected because of their expertise in the area of digital

sales and hence provide the required data for the research. Non-probability sampling method, namely purposive sampling was used. According to Hair J.F. et al. (2017), in purposive sampling respondents are selected because the researcher believes they meet the requirements of the study. Sales representatives, for example, may be interviewed rather than customers to determine whether customers' wants and needs are changing or to assess the performance of the firm's product or service. They also state that if the judgment of the researcher is correct, the sample generated by judgment sampling will be better than one generated by convenience sampling. Hence, the sample size of this study was all 73 senior staff including experts and management staff working under the Integrated Marketing and Communication Division of Ethiopian Airlines.

3.5. Data Analysis Tool

Descriptive and inferential statistics were used to analyze the facts that were collected from the sample because descriptive research designs are best to identify relationships between variables Hair J.F. et al. (2017) and the task of this study was to identify relationships between variables, namely between digital sales as an instrument for customer identification, customer relationship, product offerings and delivery on one hand and revenue maximization on the other. Inferential statistics in the form of regression analysis was also used to show the magnitude of each independent variable's effect on the dependent variable.

Data were collected by administering questionnaire which was rearranged and calculated to make it a complete data that was needed for this study. Data was analyzed using descriptive and inferential statistics with the aid of the Statistical Package for Social Sciences (SPSS) version 21. Descriptive statistics in the form of frequencies mean and standard deviation was used to describe the study findings while inferential statistics in the form of correlation analysis and multiple regression was used to analyze relationships between the independent and dependent variables.

3.6. Reliability and Validity

3.6.1. Reliability

The extent to which a scale can reproduce the same or similar measurement results in repeated trials is what the term reliability refers to. Test-retest and equivalent form are two of the techniques that help researchers assess the reliability of scales. Under the test-retest technique, the scale measurement is repeated either with the same sample of respondents at two different times or two different samples of respondents from the same target population under the same conditions as

possible. In the equivalent form technique, researchers create two similar yet different scale measurements for the given construct and administer both forms to either the same sample of respondents or to two samples of respondents from the same target population. But these two approaches to examining reliability are often difficult to complete in a timely and accurate manner. As a result, marketing researchers most often use internal consistency reliability. Internal consistency refers to the degree to which the individual questions of a construct are correlated. Two popular techniques are used to assess internal consistency: split-half tests and coefficient alpha (also referred to as Cronbach's alpha) Hair J.F. et al. (2017)

Cronbach's alpha was used to measure the internal consistency of the measurement items. Cronbach's alpha is designed as a measure of internal consistency; that is, whether all items with in the instrument measure the same thing and typically varies between 0 and 1 where the closer the alpha is to 1, the greater the internal consistency of items in the instrument being assessed. The alpha value is inflated by a larger number of variables; so there is no set interpretation as to what is an acceptable alpha value. As a rule of thumb alpha value which is greater than 0.6 and above is acceptable. George D. and Mallery P. (2019)

As shown in table 1 below the cronbach's alpha for the determinants of digital sales items ranges from 0.710 to 0.898. The scale developed for this study to measure the effects of digital customer relationship management and digitally connected customers showed high level of internal consistency with alpha values of 0.898 and 0.863 respectively. The overall cronbach's alpha for the scale items was 0.922. Therefore, the scale used in this study demonstrated high reliability.

Table 1: Reliability analysis of Variables

Variables	Cronbach's Alpha Coefficient	Number of Items
Digitally Connected Customers	0.863	6
Digital Customer Relationship Management	0.898	5
Product/Service Offer Digitally	0.756	4
Digital Delivery of Products/Services	0.710	5
Revenue Maximization	0.743	2
Reliability of Total Scale	0.922	22

3.6.2. Validity

Validity is the extent to which the conclusions drawn from a particular research design are true. Internal validity refers to the extent to which the research design accurately identifies casual relationships. Whereas external validity means the results of the experiment can be generalized to the target population. One approach to assess validity involves examining face validity i.e. whether the statements look like they measure what they are supposed to measure. Another is content validity which measures the extent to which a construct represents all the relevant dimensions. Hair J.F. et al. (2017)

The questionnaire in this study was developed based on the literature reviewed and was also presented to selected digital sales experts to test whether the contents of the items were relevant in helping achieve the research objective after which a further revision was made according to my advisor's comments.

3.7. Ethical Considerations

Many opportunities are there for both ethical and unethical behaviours to occur in the research process. The major sources of ethical issues in marketing research are the interactions among the three key groups: the research information providers, the research information users, and the respondents. Specific unethical practices among researchers include unethical general business practices, conducting research below professional standards, respondent abuse, and issues specific to the internet such as violation of privacy. Hair J.F. et al. (2017)

In this study, issues related to ethical conduct of research were observed. Participants were given full information on the purpose and objectives of the study in order for them to make informed decisions. They were promised that all data to be collected were to be used solely for academic purpose and be kept confidential. Findings and results obtained from the study were presented without bias and works of scholars cited in this study were dully acknowledged.

Chapter-4

Data Presentation, Analysis and Findings

In the preceding section the research design employed in this study was presented and discussed. In this chapter analysis of data collected and results are presented. The results of hypothesis testing i.e. the estimated parameters of the regression equation, their significance, the relationship between the independent variables and dependent variable based on the sign and the value of the parameters for the regression model and descriptive statistics of all the variables used in this study are presented and discussed.

In order to make the collected data suitable for the analysis, all questionnaires were screened for completeness. Three questionnaires were found to be incomplete and removed from the survey data and the return rate was 95.9 percent. Therefore, 70 questionnaires were found to be valid and used for the final analysis.

4.1. Respondents' Profile

This section presents the findings on the profile of the respondents which includes age, gender, education level, and working experience of the respondents.

4.1.1. Respondents' Gender

As shown in table2 below, of the total 70 participants who have completed the survey 53 of them which accounted for 76% were male and the remaining 17 which accounted for 24% were female.

Table 2: Respondents' Gender Composition

Gender	Frequency	Percent	Cumulative Percent
Male	53	76	76
Female	17	24	100
Total	70	100	

4.1.2. Age of Respondents

Participants were asked to identify their age. As shown in the pie chart below (Figure2), of the total of 70 participants 47 of them which accounted for 67% were between the ages of 18-30, 21 of them which accounted for 30% were between the ages of 31-45, and the remaining two which accounted for 3% were between the ages of 46-60.

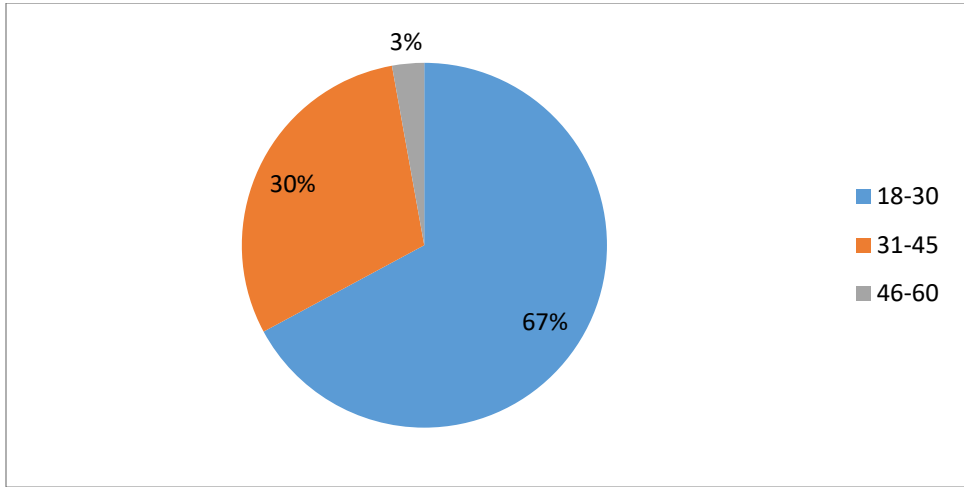


Figure 2: Age Distribution of Respondents

4.1.3. Respondents’ Education Level

As shown in table3 below, of the total 70 participants who have completed the survey 58 were first degree holders while the remaining 12 were master’s degree holders.

Table 3: Respondents’ Education Level

Education	Frequency	Percent	Cumulative Percent
1st Degree	58	83	83
Masters Degree	12	17	100
Total	70	100	

4.1.4. Respondents’ Work Experience

As shown in the pie chart below (Figure3), of the total of 70 participants 45 of them which accounted for 64% had work experience of between 2-5 years, 14 of them which accounted for 20% had work experience of between 6-10 years, seven of them which accounted for 10% had work experience of between 11-15 years, and the remaining four which accounted for 6% had work experience of more than 15 years.

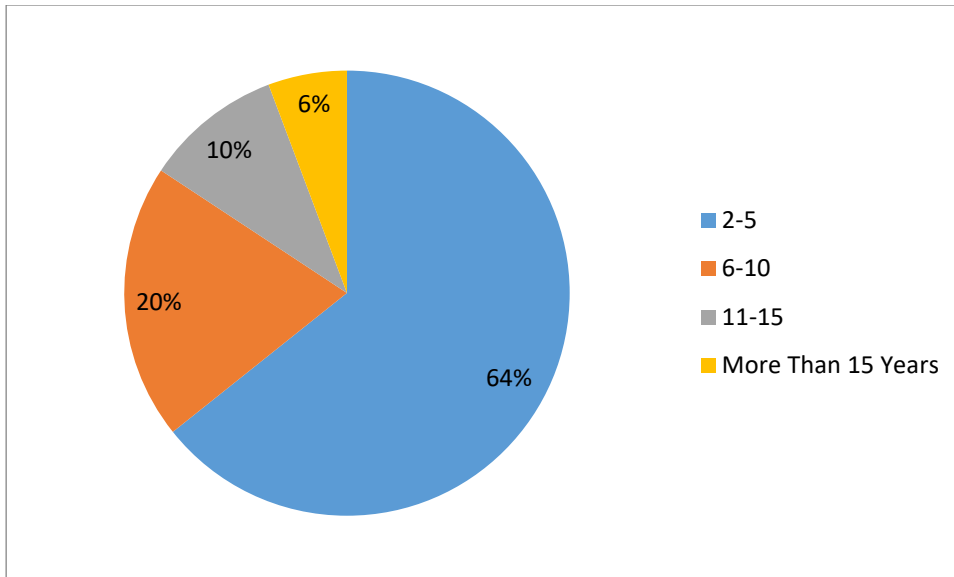


Figure 3: Work Experience of Respondents

4.2. Descriptive Analysis

The summary of descriptive statistics that shows general descriptions about both dependent and independent variables is presented below. The total number of observation for each variable was 70. Frequency, mean and standard deviation values of each variable were used to show the overall trend of the data.

In summary, the data for all the determinant factors, namely digitally connected customers, digital customer relationship management, product/service offer digitally, and digital delivery of products/services show that the majority of the respondents have ‘agreed’ and ‘strongly agreed’ with 95.47%, 85.43%, 92.14, and 90.28% respectively. This implies that most of the respondents have an opinion to agree that these factors have influence on company revenue maximization.

In addition to the mode and median, the mean and standard deviation of respondents’ answers can be calculated for interval scales and this means that researchers can report findings not only about hierarchical differences (better than or worse than) but also the absolute differences between the data. Hair J.F. et al. (2017). The mean indicates to what extent the sample group on average agrees or does not agree with different statements. Lower mean values mean respondents tend more to disagree with the statement. Higher mean values mean respondents tend more to agree with the statement. In this study respondents were required to rate the items in the instrument on the basis of a five-point scale and for the purpose of interpreting the findings, means that are close to 1 or 2 reflect disagreement, while means close to 4 or 5 reflect agreement. Means close to 3 reflect

uncertainty with the statement and therefore a need to address the issue represented. There were no negatively worded statements in this study's instrument.

Based on the descriptive analysis under Appendix II, the mean score for digitally connected customers was relatively high (4.45), this indicates that most of the respondents agree digitally connected customers have an effect on maximizing the airline's revenue on the basis of increased customer base through better engagement with its customers, brand exposure and awareness, and relationship with customers and potential customers. The same was relatively true for digital customer relationship management, product/service offer digitally and digital delivery of products/services which have a mean score of 4.17, 4.3, and 4.28 respectively.

The results indicated that in general, digital sales helps maximize a company's revenue (mean=4.33) and that there is better customer base, increased customer lifetime value, customer convenience and products/services availability. The standard deviation showed all the independent variables are more close to its mean.

4.3. Correlation Analysis

The study applied correlation analysis which investigates the strength of relationships between the studied variables. Pearson correlation analysis was employed to provide evidence of convergent validity. The coefficient of Pearson correlation measures the degree of linear association between two variables. It varies between -1.00 and 1.00, with 0 indicating absolutely no association between two variables, and -1.00 or 1.00 indicating a perfect link between two variables. The correlation coefficient can be either positive or negative, depending on the direction of the relationship between two variables; but the larger the correlation coefficient, the stronger the association between two variables. Rules of thumb about the strength of correlation coefficients follow that range of coefficient ± 0.81 to ± 1.00 , ± 0.61 to ± 0.8 , ± 0.41 to ± 0.60 , ± 0.21 to ± 0.40 , and ± 0 to ± 0.20 describe very strong, strong, moderate, weak, and weak to no relationship respectively. Hair J.F. et al. (2017)

The most influencing factor for predicting company revenue maximization relationship between all variables was determined through correlation analysis before proceeding to regression analysis.

As per Table2, the coefficients show that all the determinant factors for digital sales' effect on maximization of company revenue (digitally connected customers, digital customer relationship management, product/service offer digitally, digital delivery of products/services) were positively

related with company revenue maximization within the range of 0.475 to 0.655, they were significant at $p < 0.01$ level. A further look into each factor indicated that the two independent variables i.e. product/service offer digitally ($r=0.655$) and digitally connected customers ($r=0.615$) are important determinants of digital sales for increasing market coverage, sales volume and maximization of company revenue.

Regarding the relationship between the independent variables, the table below clearly shows that all of them were significantly correlated with one another at a significance level of $p < 0.01$. The correlation between digitally connected customers and product/service offer was the highest ($r=0.722$) followed by the correlation between digital delivery of product/services and product/service offer digitally ($r=0.560$).

Table 4: Correlation between independent and dependent variables

Variable	Digitally Connected Customers	Digital Customer Relationship Management	Product/Service Offer Digitally	Digital delivery of Products/Services	Revenue Maximization
Digitally Connected Customers	1	.363**	.722**	.546**	.615**
Digital Customer Relationship Management		1	.524**	.346**	.501**
Product/Service Offer Digitally			1	.560**	.655**
Digital delivery of Products/Services				1	.475**
Revenue Maximization					1

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

4.4. Inferential Analysis

The aim of this research paper was to examine the effect of digital sales on maximization of company revenue and investigating the relationship between the determinant factors of digital sales: digitally connected customers (DCC), digital customer relationship management (DCRM), product/service offer digitally (DOPS), and digital delivery of product/services (DDPS) with company revenue maximization (RM). The variables were taken from different papers discussed in the literatures. The below multiple linear regression model was used to determine the relative impact of each independent variable in explaining the influence on company revenue maximization.

$$RM = \beta_0 + \beta_1DCC + \beta_2DCRM + \beta_3DOPS + \beta_4DDPS + \epsilon$$

4.4.1. Diagnostic Analysis

Before the multiple regression analysis was run, test was done to check for normality, whether the independent variables show multicollinearity and the homoscedasticity assumptions were met.

Multicollinearity

Multicollinearity is a situation where several independent variables are highly correlated with each other. This situation can result in difficulty in estimating separate or independent regression coefficients for the correlated variables. Hair J.F. et al. (2017). When calculating a regression equation, we need to ensure absence of correlation between two or more independent variables. The simplest diagnostic is to use the correlation coefficients; extreme collinearity being represented by a correlation coefficient of 1. As a rule of thumb, the presence of high correlations (generally 0.90 and above) indicates substantial collinearity. Other common methods include the tolerance value and its inverse-the variance inflation factor (VIF). It is recommended that a very small tolerance value (0.10 or below) or a large VIF value (10 or above) indicates high collinearity. Sauanders M, Lewis P. and Thornhill A.(2009) Table3 below indicates that the value of VIF for all independent variables was less than 10, so multicollinearity was not a concern and therefore multiple regression findings hold true.

Table 5: Multicollinearity Table

Variable	t	Sig	Collinearity Statistics	
			Tolerance	VIF
Digitally Connected Customers	2.160	.034	.449	2.228
Digital Customer Relationship Management	2.136	.036	.720	1.389
Product/Service Offer Digitally	2.076	.042	.378	2.644
Digital delivery of Products/Services	.763	.448	.640	1.564

Normality

In order to conduct a regression analysis that is conceptually sound the predictor variables should be approximately normally distributed, ideally with skewness and kurtosis values between ± 1 . However, good results can often be achieved with an occasional deviation from normality among the predictor variables. George D. and Mallery P. (2019). Two tests for normality are run. For data set small than 2000 elements, we use the shapiro-wilk tests, otherwise, the Kolmogorov-smirnov test is used. According to George D. and Mallery P. (2019), If the residuals are normally distributed i.e. what we want with a good model, then there should be a linear relationship between the expected and observed cumulative probabilities and any other pattern suggests a problem or weakness in the model. As shown in Table4 below, the Shapiro-wilk statistic had a p value of 0.628 taking the standardized residual, and a p value for Shapiro-wilk statistic which is greater than 0.05 indicates that the data is normally distributed.

Table 6: Normality Table

Standardized Residual	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	df	Sig.
	.104	70	.056	.986	70	.628

a. Lilliefors Significance Correction

Homoscedasticity

The homoscedasticity assumption holds that the variance of the residuals about predicted dependent variable scores should be the same for all predicted scores. These assumptions can be checked by the residuals scatter plots which are generated as part of the multiple regression procedure. Differences between the obtained and the predicted dependent variable scores are termed as residuals. In the scatter plot of the standardized residuals, we want that the residuals will be roughly rectangularly distributed, with most of the scores concentrated in the centre along the 0 point. What should not be observed is a clear or systematic pattern, for example, curvilinear, or higher on one side than the other. Pallant J.(2016) As the scatter plot of the regression standardized residuals of the regression model for this study shows (Appendix-III), the residuals did not deviate much from a centralized rectangle with most of the scores concentrated along the zero point and they had no clear or systematic pattern. Therefore, it was safe to say that the data collected for this study had no problem with regard to homoscedasticity.

4.4.2. Regression Results

The regression model (Appendix IV) presents how much of the variance in the measure of company revenue maximization is explained by the underlying factors of digital sales. The R-squared of this model was 0.512, which meant that 51.2% of the total variation of revenue of the airline was explained by the total variation of digital sales determinants digitally connected customer, digital customer relationship management, offering products/services digitally, and digital delivery of products/services. Whereas, the adjusted R-squared was 0.482, which meant that 48.2% of the total variation of revenue of the airline was explained by the total variation of digital sales determinants digitally connected customer, digital customer relationship management, offering products/services digitally, and digital delivery of products/services by taking into account the number of independent variables and sample size. Although the remaining 49% and 52% of the change is explained by other factors which were not included in this study model, both the R-squared and Adjusted R-squared values in this study were found to be sufficient enough to infer that the fitted regression line was very close to all of the data points taken together and had more explanatory power. According to George D. and Mallery P. (2019), R-squared is an accurate value for the sample drawn but is considered an optimistic estimate for the population value and the Adjusted R-squared is considered a better population estimate and is useful when comparing the R-squared values between models with different numbers of independent variables.

The ANOVA table (Appendix V) shows the overall significance/acceptability of the model from a statistical perspective. As the significance value of F statistics showed a value of 17.040 and P-value (.000), which was less than $p < 0.05$, the model was significant which also indicated that the likelihood that this result could occur by chance was zero. As stated earlier, this study aimed to identify the relative influence that the independent variables have in predicting the dependent variable. Thus, the strength of each independent variable's influence on the dependent variable can be investigated via the standardized Beta coefficient. The regression coefficient indicates the average amount of change in dependent variable that is caused by a unit of change in the dependent variable. The larger value of Beta coefficient the independent variable has the larger the influence and importance in predicting the dependent variable.

According to Table 5, the regression standardized coefficients for the four independent variables, digital sales: digitally connected customers (DCC), digital customer relationship management (DCRM), product/service offer digitally (DOPS), and digital delivery of product/services (DDPS) were 0.279, 0.218, 0.293, and 0.083 respectively. Their significance levels were 0.034, 0.036, 0.04, and 0.448. The significance levels of digitally connected customers (DCC), digital customer relationship management (DCRM), and product/service offer digitally (DOPS) were less than 0.05 which indicated that there was significant relationship between them and the company revenue maximization. These determinants were also perceived to be important in predicting company revenue maximization. Since the significance levels of the remaining one, digital delivery of product/services (DDPS), was greater than 0.05 it had no significant influence in predicting company revenue maximization.

Table 7: Regression Table

Coefficients ^a							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1.079	.428		2.525	.014		
Digitally Connected Customers	.241	.112	.279	2.160	.034	.449	2.228
Digital Customer Relationship Management	.166	.078	.218	2.136	.036	.720	1.389
Product/Service Offer Digitally	.254	.123	.293	2.076	.042	.378	2.644
Digital Delivery of Products/Services	.082	.108	.083	.763	.448	.640	1.564

a. Dependent Variable: RM

The Developed Regression Model:

$$RM = 1.079 + 0.279DCC + 0.218DCRM + 0.293DOPS$$

The following section exhibits the impact of each independent variable on company revenue maximization.

Hypothesis testing of the relationship between digitally connected customers (DCC) and company revenue maximization:

H0: There is no statistically significant and positive relationship between digitally connected customers and revenue maximization

H1: digitally connected customers have a significant and positive influence on revenue maximization

- According to the regression table result, beta was 0.279 and was significant with p-value of 0.034 which was less than the alpha value of 0.05 at 95% confidence level. Digitally connected customers had a significant and positive influence on company revenue maximization. This meant that an increase in digitally connected customers by 1% would result in 0.279% improvement on company revenue maximization, holding other variables constant.

Hypothesis testing of the relationship between digital customer relationship management (DCRM) and company revenue maximization:

H0: There is no statistically significant and positive relationship between digital customer relationship management and revenue maximization

H1: digital customer relationship management has a significant and positive influence on revenue maximization

- According to the regression table result, beta was 0.218 and was significant with p-value of 0.036 which was less than the alpha value of 0.05 at 95% confidence level. Digital customer relationship management had a significant and positive influence on company revenue maximization. This meant that an increase in digital customer relationship management by 1% would result in 0.218% improvement on company revenue maximization, holding other variables constant.

Hypothesis testing of the relationship between product/service offer digitally (DOPS) and company revenue maximization:

H0: There is no statistically significant and positive relationship between product/service offer digitally and revenue maximization

H1: product/service offer digitally has a significant and positive influence on revenue maximization

According to the regression table result, beta was 0.293 and was significant with p-value of 0.042 which was less than the alpha value of 0.05 at 95% confidence level. Product/service offer digitally had a significant and positive influence on company revenue maximization. This meant that an increase in Product/service offer digitally by 1% would result in 0.293% improvement on company revenue maximization, holding other variables constant.

Hypothesis testing of the relationship between digital delivery of product/services (DDPS) and company revenue maximization:

H0: There is no statistically significant and positive relationship between digital delivery of product/services and revenue maximization

H1: digital delivery of product/services has a significant and positive influence on revenue maximization

According to the regression table result, beta was 0.083 but it was not statistically significant with p-value of 0.448 which was greater than the alpha value of 0.05 at 95% confidence level. Therefore, digital delivery of product/services had no significant influence on company revenue maximization.

Table 8: Summary of the Research Hypotheses

Hypothesis	Result	Reason
H0: There is no statistically significant and positive relationship between digitally connected customers and revenue maximization	H0: Rejected H1: Supported	$\beta = 0.279, p(0.034) < \alpha(0.05)$
H0: There is no statistically significant and positive relationship between digital customer relationship management and revenue maximization	H0: Rejected H1: Supported	$\beta = 0.218, p(0.036) < \alpha (0.05)$
H0: There is no statistically significant and positive relationship between product/service offer digitally and revenue maximization	H0: Rejected H1: Supported	$\beta = 0.293, p(0.042) < \alpha (0.05)$
H0: There is no statistically significant and positive relationship between digital delivery of product/services and revenue maximization	H0: failed to Reject H1: Not Supported	$\beta = 0.083, p(0.448) > \alpha (0.05)$

4.5. Discussions on Findings

The study was designed to carry out examination on the effect of digital sales on company revenue maximization. As discussed in the introductory section, Ethiopian Airlines has a Division, Integrated Marketing and Communication Division, which is dedicated to streamline customer focused processes through the use of technology solutions to enhance the customer experience and financial results. This paper has particularly tried to look into four determinant factors of digital

sales, namely, digitally connected customers, digital customer relationship management, product/service offer digitally, and digital delivery of product/services, that have effect on company revenue performance as proposed by and adopted from O'Connor J., Galvin E. and Evans M.(2004).

The regression model was significant i.e. explains a significant amount of variance in the dependent variable and thus reliable for making conclusions and recommendations ($F = 17.040$, $\text{Sig.} = 0.000$). The most significant predictor of company revenue maximization was product/service offer digitally ($\text{Beta} = 0.293$, $t = 2.076$, $\text{Sig.} = 0.042$), followed by digitally connected customers ($\text{Beta} = 0.279$, $t = 2.160$, $\text{Sig.} = 0.034$), and digital customer relationship ($\text{Beta} = 0.218$, $t = 2.136$, $\text{Sig.} = 0.036$). The findings revealed that product/service offer digitally, digitally connected customers and digital customer relationship management were strong predictors of company revenue maximization whereas digital delivery of product/service was found to be an insignificant predictor of company revenue maximization.

The research's finding has similarity with that of another research by Nuseir M.T. (2016) who found out that online internet marketing have assisted the consumers in personalizing their requirements and needs so that companies could market only those products which consumers need and also that web experience personalization helped the companies to understand the needs of the consumers and segment them and market them the products or brands in accordance to their needs which further helped the company to retain their customer and increase brand loyalty there by facilitating the companies and brands to progress further and increase the customer retention ratio.

The research finding has also similarity with another research with regard to the insignificant influence of digital delivery of product/services to company revenue maximization where Economides A and Apostolou G.(2009) found out that most airline websites did not achieve good scores, based on the holistic airline site evaluation framework (ASEF) which they developed based on multiple quality criteria, particularly in the transaction procedure subcategory with the exception of Lufthansa and Emirates in that they did not offer alternative method of payment except from credit cards. Supporting this finding is also the study conducted by Friedli T. and Classen M. (2019) who found out that their data suggest that collecting customer data is obstructed for relational rather than technological reasons and that smart, connected products that collect condition, operational and environmental data are becoming ubiquitous. Hence, the technological prerequisites to gather the customer data needed for value based marketing and sales (VBMS) are

increasingly fulfilled but conversely, issues of trust and data privacy become preponderant in that customers are unwilling to exchange information or to outsource due to their fear of losing control over information, and the unclear status of data ownership are barriers to smart services which led to their conclusion that in the age of digital technologies, these relational issues are anticipated to become a major hurdle for leveraging VBMS for industrial services.

The regression analysis of this study also showed that there are other factors other than the ones found to be significant by this study. This is because the adjusted R-square came out to be 48.2% implying that the rest 51.8% of company revenue maximization is determined by other factors i.e. other than the ones that come significant in this study. This is true in that other researchers in the area have come up with many other factors that have effect on company revenue maximization. Yong X., Jianbin X and Yu B. (2017), in their study where they put forward the integrated model that includes Technology Acceptance Model and Howard-Sheth Model to analyse the factors about customers' acceptability to airline ancillary products found that customers' behaviour, personalized service, trust to the marketing channel, and the perceived risk all can affect the customer's acceptability to airline ancillary products. Tsai W., Chou W. and Leu J.(2011) also found in their study on the effectiveness of the web based marketing of the airline industry that price negotiation is important and consideration should also be given to the possibility of developing an "online price negotiation" area for special customers such as group traveller; and that from an "e-marketing" viewpoint, most airlines were focusing on "product" and "promotion" of "marketing mix 4Ps," but not effectively utilize the variable of "price" on their websites.

The hypotheses raised at the beginning of the study were also addressed in the analysis. One of the hypotheses was not supported (i.e. related to digital delivery of products/services) and three of them were supported (i.e. digitally connected customers, digital customer relationship management, and product/service offer digitally).

Chapter-5

Summary, Conclusions, and Recommendations

This chapter aims to review the findings of the research and draw conclusion with regard to the objectives of the study to examine the effect of the determinant factors of digital sales on company revenue maximization. Recommendations to address the problems identified and for future research and limitations of the study are also included in this section. Finally, main contributions of the study were presented.

5.1. Summary of Major Findings

The main objective of this study was to examine the effect of digital sales on company revenue maximization by investigating the relationship between the determinant factors of digital sales i.e. digitally connected customers, digital customer relationship management, product/service offer digitally, and digital delivery of products/services and company revenue maximization.

- According to the findings, the correlation between digitally connected customers and company revenue maximization (dependent variable) was found out to be strong; and the regression analysis result showed digitally connected customers came out to significantly affect company revenue maximization and when put in the order of significance it came out to be the second most factor behind product/service offer digitally.
- According to the findings, the correlation between digital customer relationship management and company revenue maximization was found out to be moderate; and the regression analysis result showed digital customer relationship management came out to significantly affect company revenue maximization and when put in the order of significance it came out to be the third most factor behind product/service offer digitally and digitally connected customers.
- According to the findings, the correlation between product/service offer digitally and company revenue maximization was found out to be strong; and the regression analysis result showed product/service offer digitally came out to significantly affect company revenue maximization and when put in the order of significance it came out to be first among all four studied independent variables.

- According to the findings, the correlation between digital delivery of products/services and company revenue maximization was found out to be moderate; and the regression analysis result showed digital delivery of products/services came out to have no significant effect on company revenue maximization.

5.2. Conclusion

The study looked into the relationship between the determinant factors of digital sales i.e. digitally connected customers, digital customer relationship management, product/service offer digitally, and digital delivery of products/services and company revenue maximization in Ethiopian Airlines.

- From the findings, the influence of product/service offer digitally on company revenue maximization was found to be positive and significant. This implies that the increasing trend of market fragmentation or the emergence of new segments which have their own distinct needs and preferences, relatively weakening effectiveness of the traditional media resulting in diminishing audience for individual media, the continuing trend away from cash as a means of payment enabling purchase to take place from anywhere at any time, and technological improvements facilitating collection and analysis of huge amounts of detailed and personalized information are clearly observable changes which make the use of digital channel an excellent medium for companies to communicate their product/service offer to maximize sales and revenue.
- According to the findings, digitally connected customers had a positive and significant influence on company revenue maximization. This implies that digital channels which provide new communication abilities and 24 X 7 online connectivity between an organization and its customers have enabled companies to gather large amount of data on customer behavior through digital touch points (company website and applications, social media sites, etc.) that helps to build sophisticated customer databases which provides a structured collection of comprehensive data about individual customers or potential customers which is current, accessible, and actionable for such marketing purposes as lead generation, lead qualification, sale of a product or service.
- According to the findings, the influence that digital customer relationship had on company revenue maximization is positive and significant implying that a good customer data base, coupled with the higher degree of interactivity brought about by the digital channels that can provide up-to-date information on customers' needs and thoughts, can be an excellent

relationship-building tool giving companies an all-round view of their customers and their behavior which facilitates sales lead generation and enable better understanding of customers to identify good potential customers so as to adjust market offerings and marketing communications to their special preferences and behaviors (buying preferences and the recency, frequency, and monetary value [RFM] of past purchases) thereby allowing targeting based on customer profitability that helps companies to target their marketing messages exclusively to their most profitable customers.

- According to the findings, the influence that digital delivery of products/services had on company revenue maximization is not significant. This implies that although customers relish the convenience associated with shopping over the internet, interactive home shopping supported by digital television, mobile telephones supporting a range of commercial activities, web-enabled ATMs and kiosks, and even smart services that can be delivered entirely by digital means, they nevertheless have major concern on issues of trust and data privacy which will continue to be a barrier to smart services until we have a mechanism to overcome them.

In general, from the findings, the relationship between digitally connected customers, digital customer relationship management, and product/service offer digitally and company revenue maximization were found to be positive and significant whereas that of the relationship between digital delivery of products/services and company revenue maximization were found to be insignificant. The study also examined the variance in company revenue maximization that is explained by the independent variables of digitally connected customers, digital customer relationship management, and product/service offer digitally. Digitally connected customers, digital customer relationship management, and product/service offer digitally were found to be significant predictors of company revenue maximization. Product/service offer digitally was the most significant predictor. The independent variables combined together accounted for only 48.2% of the variance in company revenue maximization in Ethiopian Airlines. Other factors affecting company revenue maximization of Ethiopian Airlines were found to be 51.8%.

This paper had two main contributions. First, the paper primarily contributed by testing technology enabled selling's effect on revenue maximization. The results supported other findings- by Wolde A. (2019) that social media marketing had positive effects on sales volume; that of Seo E. and Park J. (2018) that social media marketing activity had significant effect on brand awareness and brand image and customer commitment; Alam M. S., Wang D. and Waheed A. (2019) findings that there

was a positive interrelationship between digital marketing and consumers' impulsive online buying tendencies; and that of Kohli A. (2017) finding that digital technologies had made it possible for businesses to become much more adept at generating, disseminating, and responding to market intelligence, although these studies focused on the application of digital technology on specific areas of marketing activities and their effect on specific marketing objectives. The study showed, identifying customer needs, building excellent relationship with customers, and adjusting offerings could all be improved through digital technologies and hence digital marketing impacts a firms' revenue positively as a consequence of better identification of customers' needs, superior customer value, and satisfying customer needs better than competitors.

Second, this research contributed to the growing literature that investigates the effect of digital technologies on organizations' performance. Although shopping over the internet as opposed to the traditional shopping that involves travelling to a store, selecting items, taking them to the checkout, queuing, paying and then taking them home is increasing in popularity, this study's finding, however, highlighted that major concern on issues of trust and data privacy will continue to be a barrier to shopping over the internet in general and smart services that can be delivered entirely by digital means in particular until we have a mechanism to overcome them.

5.3. Recommendations

On the basis of the result of this study, recommendations were made that can help to improve revenue maximization of Ethiopian Airlines. These recommendations do not solely apply to the airline but to all organizations that are committed to improve revenue maximization through digital sales via increasing digitally connected customers, digital customer relationship management, product/service offering digitally and digital delivery of products/services. In light of the research findings, below are possible recommendations:

- From the findings, the regression analysis revealed that the model could only explain 48% of the variance in Ethiopian Airlines revenue maximization. The researcher recommends that a study be carried out comprising of other variables which were not part of the model to try and predict the company revenue maximization.
- According to the findings, product/service offer digitally was found to be major predictor of revenue maximization of Ethiopian Airlines. In digital sales, product/service offer digitally through direct data-driven approach has a positive effect on the firm's revenue maximization. The availability of more individual-specific data together with the effective use of the technological facilitators leads to the targeting of individuals based

on what we know of their interests and characteristics. These targeted customer offers using the digital channels will enable customers purchase 24 hrs a day from anywhere. Here it is important to do proper analysis of the collected data to extract meaningful data for targeting.

- According to the findings, digitally connected customers were found to be the second major predictor of revenue maximization of Ethiopian Airlines. Large amount of data can be captured from the interactions of customers with the company's digital channels which provides a clearer picture for effective profiling, segmentation, and targeting of customers. Here focus should not be limited to current customer needs but also on anticipating future needs and even on solutions customers did not ask for.
- According to the findings, digitally customer relationship was found to be the third major predictor of revenue maximization of Ethiopian Airlines. Companies make use of their databases to adjust their market offerings and communications to the preferences of individual customers which leads to building strong long term relationship. Interactive communication through digital channels is a conductor to relationship which provides up to date information on customer needs and thoughts. This customer data base should also enable the company to take corrective actions more easily.
- According to the findings, Ethiopian Airlines needs to put a lot of attention on the significant relationship between the studied variables and revenue maximization as a means of improving its revenue maximization

5.4. Limitations of the study and Direction for Future Researches

5.4.1. Limitations of the Study

This study was conducted and limited to senior staff including experts and management staff under the Integrated Marketing and Communication Division at the headquarters of Ethiopian Airlines. Even if the sampling technique has its own limitations the researcher used the purposive sampling because the researcher believed the respondents selected meet the requirement of the study due to their expertise in the area of digital sales and hence provide the required data for the research.

Limitations that were encountered during the study are listed below:

- The absence of adequate studies regarding digital sales and organized data especially empirical literatures which would be useful to substantiate the study with more relevant facts.

- The respondents were unwilling to fill in the questionnaire due to lack of time and lack of understanding of the usefulness of the study

5.4.2. Direction for Future Research

Due to the importance of the use of digital technologies in sales and marketing to support and boost company revenue, further empirical research work could be carried out in order to determine what other factors explain the variance in Ethiopian Airlines revenue maximization. It could also be one area of future research to study the use of digital channels in sales and marketing by considering business organizations other than service giving companies like, manufacturing, merchandising and others.

References

Ahuja, V.(2015) ‘Development of an optimal solution for digital marketing variables in an online tool’, *Int. J. Internet Marketing and Advertising*, Vol. 9, No. 1, pp. 49–65

Alam M. S., Wang D. and Waheed A. (2019) ‘Impact of Digital Marketing on Consumers’ Impulsive Online Buying Tendencies with Intervening Effect of Gender and Education: B2C Emerging Promotional Tools’, *International Journal of Enterprise Information Systems*, Volume 15, PP. 44-53

Baheru E. (2017) ‘Determinants of Effectiveness of Social Media Usage: the case of Ethiopian Airlines’, Addis Ababa University School of Commerce, p.3

Budde F., Felcht U. and FrankemolleH. (Eds.). (2006) *Value Creation: Strategies for the Chemical Industry*.2nd. Weinheim, Germany: Wiley-VCH

Chaffey D. and Smith PR. (2008) *eMarketing eXcellence: Planning and optimizing your digital marketing*. 3rd. Chennai, India: Charon Tec Ltd, (A Macmillan Co)

Doganis R. (2001) *The Airline Business in the Twenty-first Century*.New York: Routledge

Economides A and Apostolou G.(2009) ‘User-centred evaluation of airlines’ websites’, *Int. J. Digital Culture and Electronic Tourism*, Vol. 1, No. 4, p. 281

Fernandez P. (2012) *Revenue Disruption: Game-Changing Sales and Marketing Strategies to Accelerate Growth*. Hoboken, New Jersey: John Wiley & Sons, Inc.

Friedli T. and Classen M.(2019) 'Value-Based Marketing and Sales of Industrial Services: A Systematic Literature Review in the Age of Digital technologies', the Scientific Committee of the 11th CIRP Conference on Industrial product-Service Systems, pp. 1-7

George D. and Mallery P. (2019) IBM SPSS Statistics 25 Step by Step: A Simple Guide and Reference.15th. New York: Routledge

Hair J.F., Celsi M., Ortinau D.J. and Bush R.P. (2017) Essentials of Marketing Research. 5th. 2 Penn Plaza, New York: McGraw-Hill Education

Hair N., Wetsch L, Hull C, Perotti V and Hung Y (2012) 'Market Orientation in Digital Entrepreneurship: Advantages and Challenges in a Web 2.0 Networked World'Vol. 9, No. 6, pp.1-14

Jobber D. and Lancaster G. (2009) Selling and Sales Management.8th. Gosport, UK: Ashford Colour Press Ltd, Gosport.

Kohli A. (2017)'Market Orientation in a Digital World' Global Business Review, Journal of Marketing, Vol. 54, pp.1-18

Kotler P. (2000) Marketing Management. Millenium Edition. Boston,USA: Pearson Custom Publishing

Kotler P. and Armstrong G. (2011) Principles of Marketing.14th. Boston,USA: Pearson Custom Publishing

Kotler P., Armstrong G., Saunders J., and Wong V. (1999) Principles of Marketing. 2nd. New Jersey, USA: Prentice Hall Inc.

Macky K. and Hollebeek L.D. (2019). 'Digital Content Marketing's Role in Fostering Consumer Engagement, Trust, and Value: Framework, Fundamental Propositions, and Implications', Journal of Interactive Marketing, Vol. 45, pp. 27-41

Nuseir M.T. (2016). 'Exploring the Use of Online Marketing Strategies and Digital Media to Improve the Brand Loyalty and Customer Retention', International Journal of Business and Management, Vol. 11, No. 4, p. 237

O'Connor J., Galvin E. and Evans M. (2004) Electronic Marketing: Theory and Practice for the Twenty-First Century. Gosport, UK:Ashford Colour Press Ltd, Gosport

Pallant J. (2016) SPSS Survival Manual: A Step by Step Guide to Data Analysis Using IBM SPSS. 6th. Berkshire, England: Open University Press

Park J.W. and Seo E.J. (2018). 'A study on the effects of social media marketing activities on brand equity and customer response in the airline industry', *Journal of Air Transport Management*, Vol. 66, pp. 36-41

Ranganathan G. (2016). *Profit Optimization using Advanced Analytics in the Airline and Travel Industry: Futuristic Systems Beyond Revenue Management*. Scotts Valley, California: CreateSpace Publishing

Sauanders M, Lewis P. and Thornhill A. (2009) *Research Methods for Business Students*. 5th. Harlow, England: Pearson Education Limited

Seo E. and Park J. (2018) 'A Study on the Effects of Social Media Activities on Brand Equity and Customer Response in the Airline Industry', *Journal of Air Transport Management*, Vol. 66, pp.36-41

Teklay N. (2018) 'Effect of Promotion Mix Strategies on Profitability: The case study on Commercial Bank of Ethiopia', *Addis Ababa University School of Commerce*, pp.57-58

Tsai W., Chou W. and Leu J. (2011) 'An effectiveness evaluation model for the web-based marketing of the airline industry', *Int. J. Expert Systems with Applications*, Vol. 38, p.15499

Venkat R. (2005) 'Sales-centric revenue management' *Journal of Revenue and Pricing Management*, Vol.4 No. 3, pp. 237-245

Vinod B., Ratliff R. and Jayaram V. (2017) 'An approach to offer management: maximizing sales with fare products and ancillaries' *J Revenue Pricing Management*, Vol., No., pp.1-19

Warnock-Smith D, O'Connell J. and Maleki M. (2017) 'An analysis of ongoing trends in airline ancillary revenues', *Journal of Air Transport Management*, Vol. 23, pp.1-13

Wolde A. (2019) 'The Effect of Social Media on Sales Volume Performance: - the case of Ayat Residential Real estate', *Addis Ababa University School of Commerce*, p.3

Ye Q., Law R. and Gu B. (2009) 'The impact of online user reviews on hotel room sales', *International Journal of Hospitality Management*, Vol. 28, pp. 180-182

Yong X., Jianbin X and Yu B. (2017) 'A Study on the Factors about Customers' Acceptability to Airline Ancillary Products', *The Scientific Committee of the 7th International Congress of Information and Communication Technology*, pp. 39-46

Appendix-I

Survey Questionnaire

ADDIS ABABA UNIVERSITY

SCHOOL OF COMMERCE

DEPARTMENT OF MARKETING MANAGEMENT

Self-Report Questionnaire

This survey is to be conducted as part of a research project which shall be submitted in partial fulfilment of MA Degree in Marketing Management. The overall purpose of this study is to examine the relationship between digital sales and revenue maximization. All information provided through this is used only for academic purpose and to be considered with top confidentiality.

I would like to thank you in advance for your participation, given your busy schedule. Please do not hesitate to call or mail if you have any doubt on the questions.

Part-I Demographic Variables

1. Gender Male Female
2. Age 18-30 years 31-45 years 46-60 years Above 60 years
3. Educational Level Diploma 1st Degree Master's Degree PHD
4. Working Experience Less than 1 year 2-5 years 6-10 years 11-15 years More than 15 years

Part-II: Digital Sales Likert Scale Directions: Considering your organizations' current digital activities, give your rating against each of the following statements? Please give your score on each statement as follows:

5 – Strongly Agree; 4 – Agree; 3 – Neutral; 2 – Disagree; 1– Strongly Disagree and tick the appropriate number in the box.

Sr. No.	Statement	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)
I	Digitally Connected Customers					
1.	The digital channel enables to effectively connect with the customer					
2.	The digital channel is an effective tool for engaging with customers					
3.	The digital channel is an effective tool for lead generation					
4.	The digital channel is an effective tool for brand exposure and awareness					
5.	The digital channel is an effective tool for building relationship with customers or potential customers					
6.	Connecting digitally with customers increases the company customer base					
II	Digital customer relationship management					
1.	Online digital forms are effective means to get feedback from customers					
2.	The digital channel allows to offer customized services to customers					
3.	The digital channel allows to effectively segment passengers and identify their spending profiles and preferences					

4.	The digital channel allows to effectively utilize data bases to run loyalty programs					
5.	Digital customer relationship management increases Customer Lifetime Value (i.e. average revenue that a customer will generate throughout their lifespan as a customer).					
III	Product/service offer digitally					
1.	The digital channel enables to have real-time feedback to improve product development and modification					
2.	The digital channel provides options for passengers to access product and services with pre-ordering possibilities					
3.	The digital channel is an effective tool to increase competitiveness					
4.	Offering digital products and services increases product and services available to customers					
IV	Digital delivery of products/services					
1.	Digital channels provide customers with easy payment options					
2.	Digital channels are pervasive enabling to serve customers through their favourite social media outlet					

3.	Digital channels enhance customer reach by effectively utilizing websites and applications compatible across devices					
4.	Digital channels allow to provide services that can be offered and consumed digitally					
5.	Digital delivery of products and services increases customer convenience					
V	Revenue Maximization					
1.	The organization's digital sales scheme has resulted in increased volume of ticket and ancillary sales.					
2.	The organization's digital sales scheme has achieved continuous growth in volume of ticket and ancillary sales					

Thank you for Participating!

Appendix-II

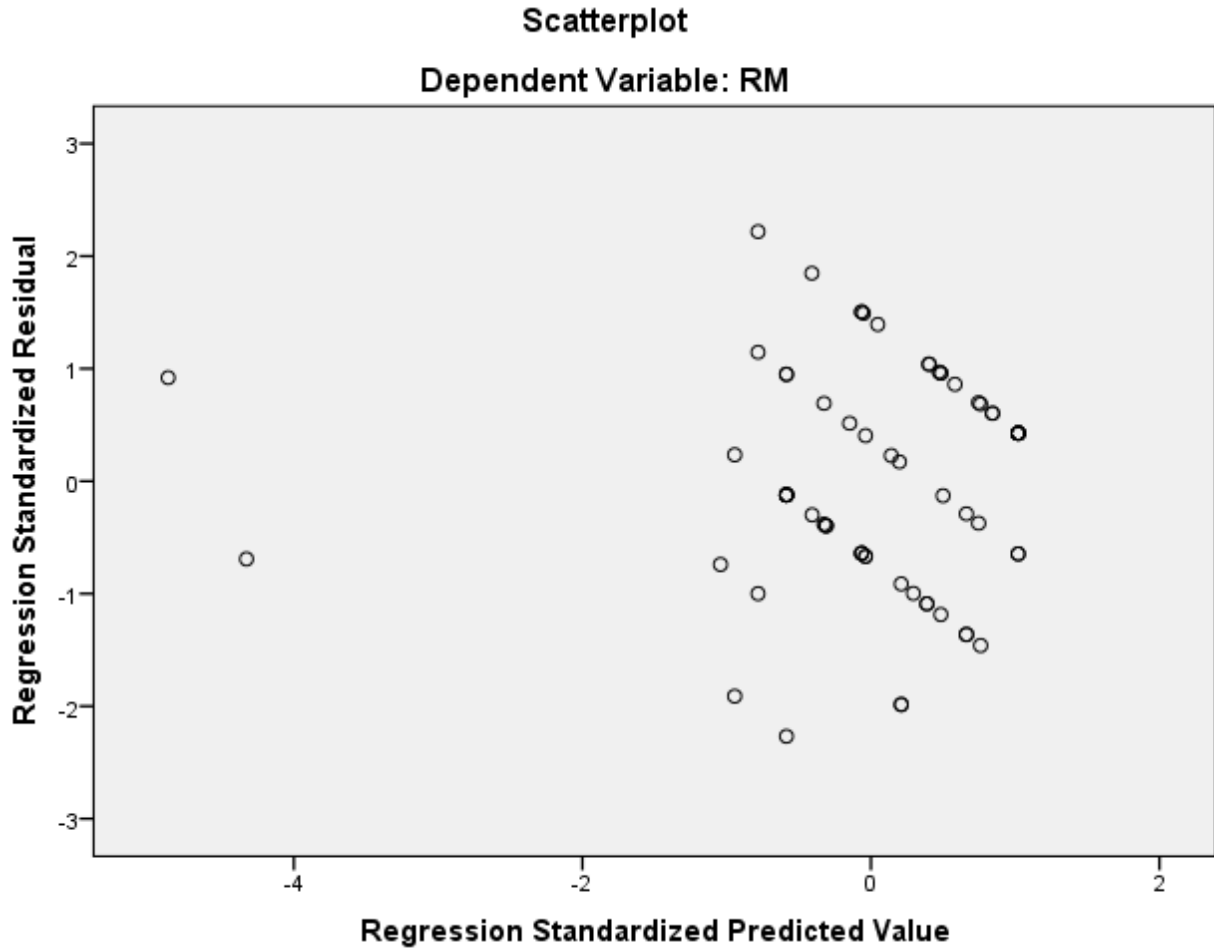
Descriptive Analysis

Descriptive Analysis of dependent and Independent Variables

Item	Digitally Connected Customers(DCC)-Independent Variable	Mean	Std. Deviation
DCC1	The digital channel enables to effectively connect with the customer	4.44	0.735
DCC2	The digital channel is an effective tool for engaging with customers	4.41	0.789
DCC3	The digital channel is an effective tool for lead generation	4.36	0.852
DCC4	The digital channel is an effective tool for brand exposure and awareness	4.56	0.792
DCC5	The digital channel is an effective tool for building relationship with customers or potential customers	4.44	0.828
DCC6	Connecting digitally with customers increases the company customer base	4.51	0.812
Average Effect of Digitally Connected Customers		4.45	0.802
	Digital Customer Relationship Management(DCRM)-Independent Variable		
DCRM1	Online digital forms are effective means to get feedback from customers	4.09	0.913
DCRM2	The digital channel allows to offer customized services to customers	4.24	0.892
DCRM3	The digital channel allows to effectively segment passengers and identify their spending profiles and preferences	4.24	0.924
DCRM4	The digital channel allows to effectively utilize data bases to run loyalty programs	4.20	0.894
DCRM5	Digital customer relationship management increases Customer Lifetime Value (i.e. average revenue that a customer will generate throughout their lifespan as a customer).	4.09	0.847
Average Effect of Digital Customer Relationship Management		4.17	0.894
	Product/Service Offer Digitally(DOPS)- Independent Variable		
DOPS1	The digital channel enables to have real-time feedback to improve product development and modification	4.27	0.883

DOPS2	The digital channel provides options for passengers to access product and services with pre-ordering possibilities	4.29	0.745
DOPS3	The digital channel is an effective tool to increase competitiveness	4.46	0.811
DOPS4	Offering digital products and services increases product and services available to customers	4.40	0.858
Average Effect of Product/Service Offer Digitally		4.36	0.826
	Digital delivery of Products/Services(DDPS)- Independent Variable		
DDPS1	Digital channels provide customers with easy payment options	4.06	1.034
DDPS2	Digital channels are pervasive enabling to serve customers through their favourite social media outlet	4.19	0.839
DDPS3	Digital channels enhance customer reach by effectively utilizing websites and applications compatible across devices	4.40	0.689
DDPS4	Digital channels allow to provide services that can be offered and consumed digitally	4.27	0.931
DDPS5	Digital delivery of products and services increases customer convenience	4.50	0.558
Average Effect of Digital delivery of Products/Services		4.28	0.828
	Revenue Maximization(RM)- Dependent Variable		
RM1	The organization's digital sales scheme has resulted in increased volume of ticket and ancillary sales.	4.36	0.781
RM2	The organization's digital sales scheme has achieved continuous growth in volume of ticket and ancillary sales	4.30	0.667
Average of Revenue Maximization		4.33	0.726

Appendix-III



Appendix-IV

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.715 ^a	.512	.482	.46621

a. Predictors: (Constant), DDPS, DCRM, DCC, DOPS

b. Dependent Variable: RM

Appendix-V

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.815	4	3.704	17.040	.000 ^b
	Residual	14.128	65	.217		
	Total	28.943	69			

a. Dependent Variable: RM

b. Predictors: (Constant), DDPS, DCRM, DCC, DOPS