



ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE

MASTERS OF MARKETING MANAGEMENT

**ASSESSING THE EFFECT OF DIGITAL MARKETING ON SALES
PERFORMANCE OF SMALL & MEDIUM ENTERPRISES (The Case of
Addis Ketema Sub City in Addis Ababa city Administration)**

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**ADDIS ABABA UNIVERSITY
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DEPARTMENT OF MARKETING MANAGEMENT
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Declaration

I hereby declare that this research paper entitled “ASSESSING THE EFFECT OF DIGITAL MARKETING ON SALES PERFORMANCE OF **SMALL & MEDIUM ENTERPRISES** (The Case of Addis Ketema sub city) **ADDIS ABABA, ETHIOPIA** is my independent work and it hasn't been submitted to for any Degree in any university. It is presented here, in partial fulfillment of the requirements for Master of Marketing Management in Addis Ababa University.

Yemisrach Tadesse

Name of Student:

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ACRONYMS

AACALEIDB	Addis Ababa City Administration labor, Enterprise and Industry Development Bureau
AMA	American Marketing Association
BI	Behavioral Intention
FLSM	Federal Labor & Skill Ministry
ICT	Information Communication Technology
IDT	Innovation Diffusion Theory
IT	Information Technology
PEU	Perceived Ease Of Use
PSS	Proportionate Stratified Sampling
PU	Perceived Usefulness
SMES	Small And Medium Enterprise S
SMM	Social Media Marketing
SPSS	Statistical Package For Social Science
TAM	Technology Acceptance Model

ABSTRACT

Due to the high cost, marketing has been a significant barrier for small and medium-sized businesses (SMEs) worldwide. This study's goal was to assess the job that SMEs in Addis Ketema Sub City, AA, were doing at selling their products digitally. This was accomplished via a variety of digital marketing platforms, including affiliate marketing, social media, and mobile marketing. Market share and sales were used to evaluate the idea of sales performance. Both qualitative and quantitative research methods were used to perform the study. Thus A sample of 225 SME's that were chosen using the stratified sampling method provided primary data through questionnaire, and 225 of the 249 respondents that received the questionnaire responded, yielding a response percentage of 90.36 percent.

The Statistical Package for Social Science (SPSS) v.25.00 software was used to analyze the survey's data. Both descriptive and inferential statistics were applied to the analysis of quantitative data. The study's findings showed that social media marketing significantly affects small and medium-sized businesses' sales performance. Their sales performance is moderately impacted by affiliate and mobile marketing. According to the study's findings, SME's face difficulties implementing digital marketing due to a lack of planning and funding, followed by a lack of understanding and preparation. The research led to the conclusion that social media significantly enhances SME performance in sales.

Keywords SME's, Digital marketing, social media marketing, affiliate marketing, and mobile marketing

CHAPTER ONE

INTRODUCTION

1.1. Background to the Study

Before the current digital age, effective prosperous enterprises depended on "word of mouth" as a tool for marketing. However, in the modern era of digital technology as a marketing tool, marketing strategy has changed from merely exchanging commodities to providing services, interacting with clients, and building connections with them. (Lusch, Vargo &, 2004) .In the changing world economy which reveals itself as fierce competition Coming up with digital marketing technology elements is a kin importance to firms and/or individuals to survive and win the competition Technology advances, new marketing channels, and regular changes in the media environment all contribute to the transition. (Bhattacharya & Bolton, 2000, 2000)).

Digital marketing is crucial to business success in the current era of engagement marketing. Marketing for companies, products, and services via online and mobile applications is steadily becoming industry standard. As a marketer, you must participate as a result. Digital marketing—often referred to as online marketing—is the process of promoting goods, services, and brand awareness using online media platforms (Asif, 2016). As a result of technological innovation the expansion of the internet, and the creation of the web interconnection between people has dramatically increased (Hajili, 2014).

“The term “digital marketing” appeared only recently in the world of professional marketing and communication. It refers to the promotion of products and brands among consumers, through the use of all digital media and contact points. Although digital marketing has many similarities with Internet marketing, it goes beyond it, since it frees itself from the Internet’s single point of contact and accesses all so-called “digital media,” including, for example, mobile telephony (SMS or applications) and interactive television, as the communication channel. The term “digital marketing” therefore seeks to bring together all the interactive digital tools at the service of marketers for promoting products and services, while seeking to develop more direct and personalized relationships with consumers.” (Flores, 2014)

Customers today have numerous options to interact with the digital platform. Business organizations also have other options, such as expanding communication through various digital media to develop deeper connections with the clientele in the global village.

The trend of collections in terms of revenue is the sales performance. Providing consumers with goods or services might constitute a form of sales (McCarthy1994)

Revenue, net profit, business growth, continuous profit generation, customer retention rate, and the number of net unused accounts are just a few of the ways that sales performance can be evaluated (Abdullahi, I. I., & Sulaiman, C., 2015).

In today's dynamic business environment a firm, which enters the market need to have an innovative drive to reach their customers through digital marketing otherwise it is unlikely that it will succeed.

Small and medium-sized businesses (SMEs) are essential to a country's economic health. They increase a country's competitiveness, diversify the nation's sources of income, and encourage economic growth, which makes economies more adaptable and resilient. Additionally, SMEs have a critical role in enhancing social sectors by fostering widespread employment, the advancement of indigenous technology and skills, the encouragement of entrepreneurship and innovation, and the creation of an industrial base at various scales (Lehman & Fillis, 2017).

Small and medium-sized businesses must advance if they want to survive in the market and remain relevant in a cutthroat industry. It has been determined that SMEs account for at least 60% of all employment across all business sectors globally. Any nation's SME development is crucial since it predicts economic expansion. Economic growth is one of the government's objectives (Ugurlu, 2009)

As a result, more incentives should be created to help SMEs grow. Sales, which are the primary source of revenue, are one of the important components for supporting small enterprises. However, By offering effective marketing for SMEs' goods and services, sales can be boosted.. These are known to raise awareness and preference for the advertised products over competing products. As a result, most businesses have discovered that digital marketing is quick, far-reaching, and cost-effective. Despite the fact that certain results indicate that the size of

businesses may influence their capacity to use digital channels, with SMEs being at the bottom of the digitization cycle (Bordanaba-Juste, 2012) Large enterprises, on the other hand, are likely to have the resources and capacity to succeed.

It appears that there is little information available on how small businesses in Ethiopia use digital marketing to increase their sales, as in the case of the Addis Ketema subcity. Finding out whether digital marketing has a positive and noticeable effect on SME sales performance is the main goal of this study.

1.2. Problem Statement

In both industrialized and developing nations, the importance of SMEs in driving production development and job creation is now widely acknowledged.

Both industrialized and developing nations, including Ethiopia, depend heavily on small enterprises to reduce poverty, create jobs, and advance their economies. Though widely acknowledged for its huge contribution to long-term economic development, it appears that the small business sector's performance in many developing nations falls short of expectations (Arinaitwe, 2006) Digital marketing adoption is more successful in large businesses because they have more resources and knowledge than SMEs (A, Barne D Clear F Harindranath G.Deyerson R Harris & Rea, 2012).

Various Studies have been conducted to find out the impact of digital marketing(Hawi, 2019) Coca-Cola Ethiopia was used as a case study to examine the impact of digital marketing on consumer purchasing behavior, while (Bruktawit, 2018) comprehensive assessment of how small and medium-sized businesses in the bole sub city employ online marketing while (Dagem, 2020) research factors Evidence from Addis Abeba that digital marketing techniques are being impacted (Melkam, 2020) examined how brand preference is affected by digital marketing and sales promotion; the case of Terara coffee & Fikadu Tufa(2018) examined the impact of market strategy on the success of SMEs. (Ahmad, 2022) European Journal of Business and Management Research, pages 349–355, "The Impact of Digital Marketing on Sales Performance: The Case of Lebanese Pharmaceutical Companies". While Maria Camilla et.al,(2022) research on the factors affecting small and medium-sized businesses' use of digital marketing during COVID-19.

Olonde Jeconia Omondi (2017) digital marketing's effect on small- and medium-sized business sales growth in Nairobi, Kenya.

Although numerous studies on the function of digital marketing in increasing business performance have been conducted, it appears that there is little information available on how small businesses in Ethiopia use digital marketing to increase their sales, as in the case of the Addis Ketema subcity.

This study were conducted to close these knowledge gaps on the influence of digital marketing on the sales performance of SMEs in Ethiopia. The purpose of this study was to evaluate the effect of current digital marketing on the sales performance of SMEs in the Addis Ketema sub city in Addis Ababa.

1.3. Research Questions

1.3.1. What effect does digital marketing have on Addis Ketema SMEs' sales performance?

1.3.2. What are the difficulties SMEs in Addis Ketema are having with digital marketing?

1.4. Objective of the Study

1.4.1. General Objective of the Study

Assessing the effect of digital marketing on SMEs' sales performance in the case of Addis Ketema Sub city is the study's primary goal.

1.4.2. Specific Objective

1. To investigate how digital channels affect SMEs' sales performance in the Addis Ketema Sub city.

2.To show the challenges that are encountered by SME's that hinder digital marketing and SMEs sales performance.

1.5. Significance of the Study

The results of the study will be beneficial to educators, policymakers, and small and medium-sized businesses. The results of this study will therefore assist SMEs in comprehending the causal connection between digital marketing and sales performance. In other words, companies

and marketers will be able to pinpoint the aspects of digital marketing that affect how well a business performs in terms of sales.

The study's findings also offer important information about how digital marketing affects SMEs' sales performance that will be useful to researchers and upcoming academics, additionally it will enhance expertise in the relevant sector.

1.6. Scope of the Study

The study's scope is limited to analyzing how digital marketing affects sales results. This study was conducted using information gathered from small and medium-sized businesses in Addis Ababa's Addis Ketema Sub City.

The deadline for these conditions begins with the creation of the proposal and ends with the closing procedure of the whole work of the thesis paper that are analytical and presentation part were done 2022/2023 academic year.

Based on the findings from the data gathered from these chosen respondents, conclusions on how the effectiveness of digital marketing influences sales of SMEs have been generated.

1.7. Definition of Terms

Digital marketing is a sort of direct marketing that uses interactive media to connect customers and sellers, such as emails, websites, online forums, interactive television, mobile communications, and others (Kotler and Armstrong, 2009).

Sales performance explains the pattern of income collecting (McCarthy 1994). Delivering goods or services to customers can constitute a sale. Revenue, net profit, business growth, reliable profit production, customer retention rate, and the number of net unused accounts are just a few of the ways that sales performance can be evaluated (Abdullahi & Sulaiman, 2015).

Marketing is the process of producing, communicating, delivering, and exchanging offerings that have value for customers, clients, and society at large, according to the American Marketing Association (AMA).

1.8. Organization of the Paper

The following is the structure of the research paper. Introduction, problem statement, research questions, study objectives, definition of terms, scope, significance, and limitations are all included in the first chapter. The literature on the subject, including theoretical and empirical literature as well as the conceptual framework of the study, will be outlined in the second chapter. The third chapter discusses study methodology, including approach and design, sample size, data type, data source, tools for data collecting, and techniques for data analysis. The fourth chapter is presented, examined, and interpreted in light of the body of literature already in existence. The final chapter, Chapter 5, provides a summary of the main results reached after doing the study. Additionally; it makes suggestions and points up areas for further study.

CHAPTER TWO

LITRATURE REVIEW

2.1. Introduction

This chapter covers the various theoretical frameworks and provides an empirical analysis of how digital marketing has affected the expansion of SMEs. It makes use of the knowledge of a range of authors, academics, and specialists who have examined the literature pertinent to this topic. A literature review, which is a component of this study, offers the research topic's theoretical framework as well as any associated terms and concepts. It builds on the writings of earlier authors about digital marketing and the expansion of SMEs. As may be seen below, I'll go over a number of theories related to the subject at hand.

2.2. Theoretical Review

2.2.1. The Definition of Small and Medium Size Enterprises (SME)

Depending on the level of the economy, SMEs have several global meanings. Although there isn't a universal definition as of yet, Kenya, Tanzania, Uganda, Burundi, and Rwanda—the majority of the East African Community countries—all use the same fundamental measures of capital investment, turnover, and employee count. SMEs are defined by a number of benchmarks, including the amount of capital invested in machinery, the number of people directly employed, and sales turnover(URT, 2009).

The word "SMEs" refers to Small and Medium-sized Enterprises for the purposes of this study. Based on their ability to create jobs, reduce poverty, use local raw materials, and be easily transformed into medium and large size firms in a short amount of time, the Government of Ethiopia designated growth-oriented SMEs. In light of this, SMEs working in the fields of manufacturing (metal, leather, textile, wood work, agro processing), construction (contractors and construction material producers), trade (wholesale and retail), and services (hotel, tourism, solid waste collection, etc.) are regarded as growth-oriented SMEs. According to the Ethiopian Development Bank and the National SME Development Strategy (see table below), SMEs are characterized by their net value and number of employees. SMEs are also classified differently

depending on whether they work in the service/trade sector or the industrial/manufacturing sector, which is also crucial to keep in mind.

Table 1 definition of SME's

Size of enterprise	Sectors	No of employment (including families)	Total asset/capital in birr
Small	Industry	6-30	100,001-1.5million
	Service	6-30	50,001-500,000
Medium	Industry	>50	1,500,000-20,000,000
	Service	>35	500,000-20,000,000

2.2.2. Concepts of Sales Performance

Sales is a process in which the owner of the items, the seller, starts and completes the exchange of goods and services for cash or other forms of payment (Pendharkar 2011).

AKPOBO (2015) when comparing different periods, the revenue collection trend is described by sales performance.

An integrated framework called sales performance helps businesses to model and plan their sales strategy, guarantee that sales efforts are carried out on schedule, and give front-line salespeople and decision-makers access into performance, the next generation of sales best practices is sales performance (Michael D 2006).

The total amount of goods and services sold to the market on a monthly or yearly basis is also referred to as sales performance. A number of factors, including customer relationships, marketing management of the company, sales force skills and motivation, and even pricing of the goods and services, can affect sales performance (Amanda D.H 2002).

Sales performance is the capacity of a sales team to carry out sales operations, both individually and collectively, and it can also be the capacity to achieve transaction objectives. The number of net unused accounts, sales income, and better net profit obtained, business growth, constant

profit creation, and other factors can all be used to gauge sales performance, depending on the situation and the sales function (Abdullahi& Sulaiman, 2015).

2.2.3. Digital Marketing

The definition of digital marketing by many academics varies, according to Phillip Kotler,(2009) Digital marketing is a collection of activities that a company or individual conducts on the Internet in order to attract new customers and build a brand identity.

Digital marketing can be used for a variety of additional goals using various online marketing tactics, but its main goals are to improve brand visibility, awareness, and sales.

The term "digital marketing" was first used as a concept or definition in the 1990s. In the early days of the Internet, the phrase "digital marketing" was first used.

In the 2000s and 2010s, as technology advanced and new social and mobile platforms appeared, the idea of digital marketing started to grow uncontrollably. The objective of developing experiences that include users has been added, as opposed to being used only for consumer advertising,

According to Kotler and Armstrong (2009) Digital marketing is a form of direct marketing that uses interactive media including emails, websites, online forums and newsgroups, interactive television, mobile communications, and more to electronically link buyers and sellers.

The Chartered Institute of Marketing's Marketing Institute (2015) the management process responsible for locating, anticipating, and profitably meeting client needs is known as digital marketing.

Chaffey (2012) Digital marketing is the practice of combining traditional marketing techniques with the use of the internet and related digital technology.

Baines and colleagues (2011) Due to its high level of connectivity, marketing via the internet allows for many-to-many communications and is frequently used to advertise goods and services in a timely, relevant, individual, and cost-effective way.

Nathan (2016) marketing that involves consumers in the process by using electronic devices like computers and smartphones.

2.2.4. Digital marketing and sales performance

The link between digital marketing and sales success has been demonstrated in several studies and academic works. By connecting with customers personally and reaching out to new ones, digital marketing may raise awareness and promote growth (Jain 2014). They can reach clients through digital media, which is relatively inexpensive to do so. Many digital marketing methods, including social media, mobile marketing, and affiliate marketing, are utilized to help small and midsize businesses grow.

2.5. Digital Marketing strategies

2.5.1. Search Engine Marketing

An online tool known as a search engine helps people find the information they're looking for. Search engine marketing refers to any activity that increases a user's website's position in any search engine. SEO (search engine optimization) and paid search are the two subcategories of search engine marketing.

According to Heinz, A, Fletcher, G, and Chadwick, C (2010) SEM which covers a wider range of topics, describes techniques for boosting website rankings in search engine results pages and boosting website traffic. According to Blackman (2014) SEM which covers a larger range of issues, offers methods for increasing website traffic and rankings in search engine results pages.

2.5.2. Social Media Marketing

Marketing a business through social media platforms like Twitter, LinkedIn, Facebook, Instagram, and Whatsapp is known as social media marketing. (Thompson,Williamama & Thomas 2013).

It has grown into something grander, bigger, and better than it was originally intended to be. These apps are widely regarded as the primary means of communication in the modern world, with more users joining each year (Stokes, 2011). Social media gives businesses the opportunity

to educate, remind, and influence their customers by using a customer-centric strategy (Langaro et al., 2018).

According to Kietzmann et al. (2011), firms first engaged in social media because company discussions took place on those platforms.

According DAV Evans (2010) by doing a content-based analysis on the kind of material and website that should be used, a social media plan can be established to attract new customers and grow quickly.

2.5.3. Mobile Marketing

According to D Butcher (2010) Mobile phones can help firms get more exposure and awareness. The most crucial feature of the channel is how well it can grow customer loyalty, acquire new clients, and improve brand recognition. It gives marketers the opportunity to reassure and comfort customers. Mobile phone marketing uses mobile telephony, including dial-up and short message services, to connect with and serve customers. Mobile phones are becoming SMEs' preferred ICT tool because to their low cost, ease of use, and dependable provider networks.

2.5.4. Affiliate Marketing

When a digital user or website promotes an online retailer, the digital user will earn a commission based on the sales generated.

According to DL Duffy (2005) when a business needs to expand internationally or geographically, they typically hire a third party to handle their advertising and find them new customers or markets. The third-party company is compensated based on the number of customers who come through them.

2.5.5. Website Marketing

According to Kotler (2010) and Hughes and Fill (2009) said that the company's website serves as the focal point of the company's online operations and serves as a means of obtaining feedback from clients. The websites' main goal is to provide a platform for communication and encourage more authentic discourse.

2.5.6. Influencer marketing

It is a form of recent internet marketing. Influencer marketing leverages individuals with a significant online following who are regarded as authorities by a target market to increase traffic and sales. Popular social media platforms like Instagram and Snap Chat are used for influencer marketing. Businesses use Instagram users that have a significant following to promote their brand by sharing one or more images of the merchandise. Nowadays, businesses engage in "takeovers" of Instagram or Snap chat, where a hired influencer manages the business' social media channels for a specified period of time, most frequently a day. These social media takeovers help a firm gain new followers and distinctive views by directing the influencer's audience to its social media platforms.

2.6. Technology Acceptance Model (TAM)

Developed by Davis FD (1989) Is becoming more and more common as a way to analyze how people interact with technology using the concepts of perceived usefulness (PU) and perceived ease of use (PEU). Perceived Usefulness (the intention to use, user training, computer experience, system quality), as well as Perceived Ease of Use (computer self-efficacy, perception of external control, ease of use, internet self-efficacy, efficacy of library use, computer anxiety, information anxiety, perceived enjoyment and objective usability, behavior and intention) are TAM's main variables for Information Literacy acquisition.

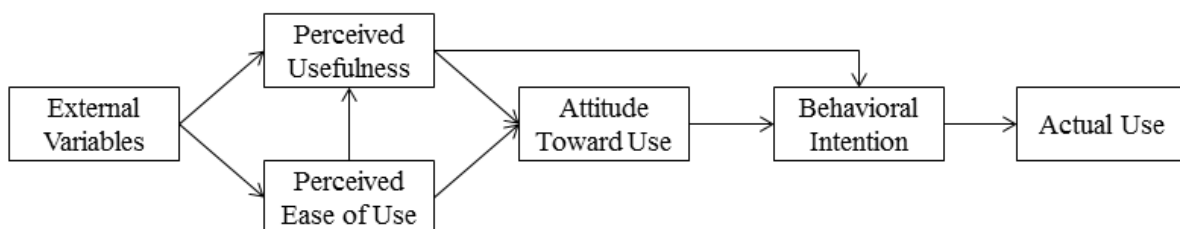


Figure 1 TAM model by Davis(1989)

2.7. Innovation Diffusion Theory (IDT)

Developed by Rogers (1983) Customers' behavioral intention (BI) to adopt IT innovations has been shown to be influenced by five innovation-related traits. Relative advantage, complexity, compatibility, trial ability, and finally observability are some of these traits. This model provides a comprehensive framework for examining innovations and the factors that hasten their adoption inside an organization.

As IDT has been applied in a number of fields, including marketing, economics, sociology, and technology management, it has been linked to new concepts, services, goods, processes, and inventions (Chang, 2010).

IDT as a technology adoption paradigm has been evaluated in some research (Agarwal & Prasad, 1998; Zolait & Suleiman, 2008; Phuangthong & Malisuwan, 2008).

Tornatzky and Klein (1982) According to their analysis, the only factors highly related with innovation are compatibility, relative advantage, and complexity adoption (Giovanni, Binioris, & Polychronopoulos, 2012). In addition, numerous research have demonstrated that the observability and trial abilities are important elements in the enterprise's adoption of ICT. Several of these research show the significance of observability in the adoption decision were Seyal and Abdu Raman (2003).

2.8. Advantages of Digital Marketing

Businesses today can gain a lot of advantages from using digital marketing. The **benefits of considering the digital marketing way of working** can be found **in every department. So** some (Berman, 2012)

1. Digital marketing is a quick, interactive technique to quickly connect with people both domestically and abroad
2. Results are simple to measure and information is readily available
3. We can readily communicate with groups and even specific clients thanks to social media
4. Utilize social media to establish direct contacts and interactions with your clients.
5. 24/7 business, it does the customer's business.

2.9. Empirical Review

Based on empirical studies review outlines similar study done by previous researchers on SMEs digital marketing adoption and sales performance.

Seble Haile Mariam (2019) *the Effect of Marketing Strategy on Micro& Small Enterprises Sales Performance: Service Sector Evidence from Addis Ababa, Particularly for Kirkos Sub City*. The study revealed that its sales Performance is directly related to and follows the marketing approach used.

(Bruktawit, 2018) *Assessment on The Use Of Internet Marketing By Small& Medium Sized Enterprises* The research in Bole Sub City Administration reveals that the biggest obstacles SMEs face when using internet marketing are a lack of funding to invest more in it, a lack of skilled ICT staff, poor connectivity, high costs associated with using internet connections, and difficulty integrating it into their current operations.

(Ahmad, 2022) *A Case Study of Lebanese Pharmaceutical Companies' Digital Marketing's Effect on Sales Performance* *The European Journal of Business and Management Research*, pages 349–355. The research demonstrates that a company's entertainment factor, as measured by digital marketing, is determined by the level of passion and activity they generate on social networking sites. If customers appreciate and engage with a brand's social media material, they will be more engaged and loyal to it.

(Maria Camila et.al, 2022) Due to a lack of understanding of how to use these technologies, the results demonstrate that SMEs do not fully utilize the potential of new digital tools and do not keep up with technological advancements.

(Aklisiya, 2021) *The effects of digital marketing on brand recognition and locality: the example of Awash Wine*. The findings show that the creation of brand awareness is positively impacted by digital marketing, Increase in Advertisement visibility excellence increase in Brand loyalty & brand loyalty have positive relationship with social media utilization.

(OMONDI, 2017) *Effect of digital marketing on the increase of sales for small and medium-sized businesses in Nairobi, Kenya*. According to the research findings, the greatest challenge

was a lack of expertise in digital media. The digital marketing is being used by SMEs is a challenge. The absence of suitable digital marketing strategies that came afterwards made it difficult for SMEs to adopt digital marketing.

(bodoine, 2020) Impact of digital marketing on the expansion of small and medium-sized businesses in Cameroon: Jumia case study. The expansion of SMEs in Cameroon is being positively and significantly impacted by digital marketing platforms. This suggests that social networking sites in general, whether through sales or intense competition, etc., do have a genuine impact on the development of SMEs. Consequently, the business is benefited.

(Sagar Pandurang .et.al,2019) Online/digital marketing's effects on startups and small businesses. The conclusion demonstrates the significance of social media marketing by explaining how it fits with how customers make purchases.

(Frehiwot, 2022) Factors influencing digital marketing strategies: the instance of Trekker's Spot Tour and Event Organizing Company Plc. The results demonstrate that leveraging the Internet and digital channels is essential for the majority of the research's organizations.

(Afrina Yasmin.et.al., 2015)An empirical investigation of the effectiveness of internet marketing amid the difficult times.. According to the study's findings, search engine optimization (SEO), email marketing, social media, and online advertising are all extremely positively connected with rising sales..

(J. Junaidi et.al, 2020) Influence of digital marketing on e-service sales growth. The findings show that virtual advertising is increasing and has positive impact on e-service sales.

(Omar, 2021) The effects of digital marketing techniques on Jordanian mobile phone firms' organizational performance. According to the report, digital marketing in all of its forms influences the telecom company's performance and enhances its outcomes.

2.10. Conceptual framework of the study

The association between variables affecting the use of digital marketing and sales fulfillment is shown by the conceptual framework. The conceptual framework draws attention to the independent and dependent variables. The relationship between the research's dependent and

independent variables may be seen in the figure below. Because it depends on different digital marketing methods, it demonstrates that sales performance is a dependent variable.

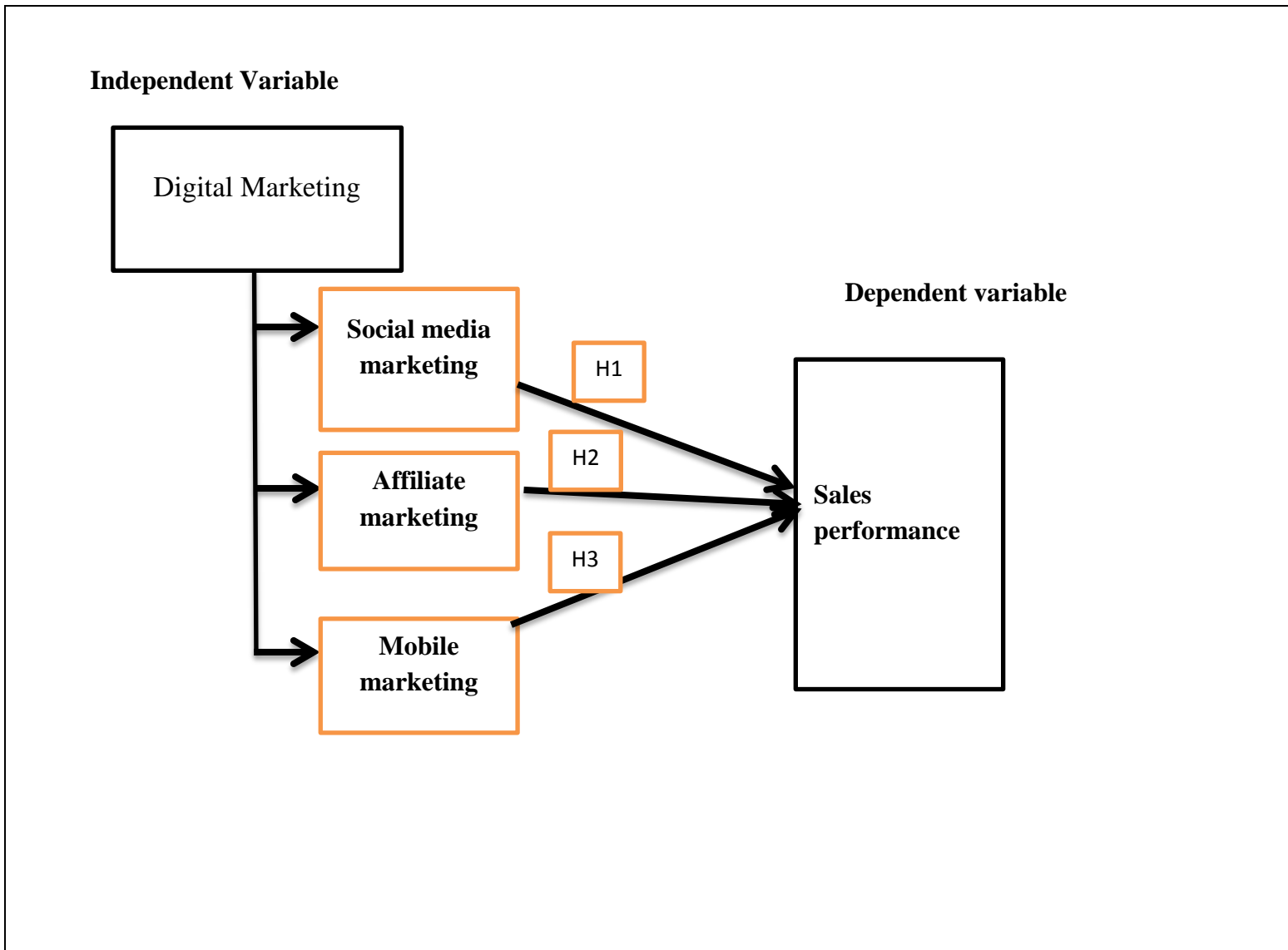


Figure 2 conceptual framework

2.11. Study Hypotheses

The study's core questions center on how different types of digital marketing affect SME sales performance in the Addis Ketema sub city.

The first hypothesis holds that social media marketing has a significant and positive impact on the performance of sales.

The second hypothesis holds that affiliate marketing has a positive and significant impact on the performance of sales.

The third hypothesis holds that mobile phone marketing has a significant and positive impact on the performance of sales.

CHAPTER THREE

RESEARCH METHODOLOGY

The research methodology and statistical techniques used to carry out this study are presented in this chapter. The sources and types of data, target population, sampling method, sample size, data collection tools, and data analysis techniques will all be covered in this article along with the justification for each method's use.

3.1. Overview of the Study Area

The study was conducted in Addis Ketema Sub-city. The capital of Ethiopia, Addis Ababa, has 11 sub-cities, and Addis Ketema is one of them. The Sub-city can be found in the city's northwest, not far from its center. It is bounded to the north by the sub-city of Gullele, to the east by Arada, to the south by Lideta, and to the west by Kolfekeranio. Addis Ketema is well-known for hosting Africa's largest open-air marketplace, Addis Merkato, and is visited on a daily basis by many people from all over Ethiopia for trade and business transactions. 2019 (Wikipedia).

The city is located at 9° 2' 22.22" N latitude and 38° 43' 55.81" E longitudes. Addis Ketema elevation ranges from 3000-2400, the annual rainfall is 1250mm-700mm, and the temperature ranges from 22.8-10.6 °C. The sub-city's projected total population is 271,644, with 132,825 males and 138,819 females. Addis Ketema population makes up 9.3% as a portion of the total population of Addis Ababa city administration. Population density per square kilometer is 36,659.1, and the total area of the sub city is 563.85 hectares (Ibid).

Figure 3 Addis Ababa map



Figure 2: Map of Addis Ababa and its ten sub cities (Source: https://www.addisababa.gov.et/figure/Map-of-Addis-KetemaSub-City_map_29 retrieved at 6:15pm Dec 19, 2019).

3.2. Research design

The specific plans for conducting an investigation, including the methodology to be used, the steps to be taken to gather and analyze the necessary data and more ,In this study, qualitative and quantitative research methods were also utilized According to (Kothari, 2004) A framework for solving problems under inquiry is called a research design. A descriptive survey is one that uses a design to ascertain what is occurring in regard to a particular variable. The effects of digital marketing on the sales performance of small and medium-sized businesses in Addis Ketema were examined in this study using a descriptive research survey Addis Abeba's Sub City ,(Baker 2009) supports using a descriptive design because it enables the researcher to identify, document, examine, and report on current or past conditions.

Methods of data collection were conducted by using questionnaires which were appropriate to obtain relevant information from respondents. According to time serious cross sectional survey was used which helps to collect data at a specific moment. In the sampling design probability sampling technique was employed to develop the sample of the research under discussion.

3.3. Research approach

There are a total of three kinds of research methodologies: mixed, qualitative, and quantitative. Both qualitative and quantitative research methods used in this investigation. The associations between variables are described using a formal, methodical procedure called quantitative research. Quantitative approaches place a strong emphasis on measurements that are objective as well as the statistical, mathematical, or numerical interpretation of the survey data.

In a mixed-methods approach, the researcher has a propensity to base knowledge claims on useful considerations. The mixed method made the study's findings more valuable by making them more concrete, palpable, and accurate through the utilization of information from numerous sources. The researcher tends to base information on practical grounds while using a mixed approach research strategy. It uses research methodologies that entail gathering data either concurrently or sequentially in order to most effectively recognize research challenge.

In addition, it helps investigator for triangulation purpose. The qualitative approach helps to find out what and how people think, feel, rate, say, etc. about the study. While the quantitative approach was used to generate statically data .Thus, the researcher used these two approaches in combination that helps to offset the shortcomings of each approach.

3.4. Sampling Design

3.4.1. Target Population

(Kothari, 2004) Utilizes the term "target population" to describe the population that a study is meant to cover in a certain geographic area, such as a country, region, or town, in terms of age and gender. All SMEs functioning in the manufacturing, construction, and service sectors within Addis Ketema Sub City of Addis Ababa City are the study's target demographics. There are 662 SMEs functioning in the aforementioned sectors in Addis Ketema Sub City of Addis Ababa, according to the city of Addis Ababa administration Labor, Enterprise & Industry development office.

3.4.2. Techniques for Sampling and Sample Size

To gather data from various SMEs industries, stratified random sampling techniques were applied. This method is chosen since it helps to reduce bias while interacting with the population. Before choosing elements for the sample, this technique allows the sampling frame to be divided into roughly homogeneous groups (strata), and it also makes use of simple random sampling techniques to choose samples from each stratum.

According to (Janet, 2006:94), "this step increases the probability that the final sample is representative in terms of the stratified groups. The strata's are sectors including: manufacturing, construction and service".

The number of SMEs functioning in the A/K sub city of Addis Ababa is 662, according to the Addis Ababa City Administration labor, enterprise and Industry Development Bureau (AACALEIDB,2022). These comprise the construction (154), manufacturing (473) and service (35) industries. The sample size chosen for this study was thought to be representative of the manufacturing, construction, and service industries. It is also large enough to allow for accuracy, confidence, and generalizability of the research findings.

When the population is known the following sample size determination formula by (Yamane, 1967) is used.

$$n = N / (1 + N (e^2)) \text{ is good to determine representative sample size.}$$

$$n = \frac{N}{1 + N(e)^2} = \frac{662}{1 + 662(0.05)^2} = 249$$

Where,

e– Level of precision that is 0.05

N – Total no of SME in the mentioned sectors (662)

n- Required sample size

The formula $n_i = N_i/N * n$ from the proportionate stratified sampling (PSS) method was employed to achieve this.

Where n_i is a measure of the sample size drawn from each stratum or sector, N_i total no. of population of each stratum/sectors, n total sample size of the study, and N total population size

Table 2 Sample size

Sector	No of SME	Percentage	Sample size Sample From each $n_i = N_i/N * 249$
Manufacturing	473	72	178
Construction	154	23	58
Service	35	5	13
Total	662	100	249

3.5. Data Sources and Types

Both primary and secondary data were used for this investigation. Relevant information was obtained from operators of SMEs. These are considered as relevant sources because as they do have a close relationship with the subject of the study. Sample SMEs registered in Addis Ketema sub city who are working in manufacturing, service and construction sector will target for this purpose.

Primary data: first hand data was obtained from SMEs registered in Addis ketema sub city who are working in manufacturing, service and construction sector.

Secondary data: secondary data was obtained from AACALEIDB, Books, journals, articles related to the subject of study, and other online materials will use.

3.6. Data Collection Instrument

Through the use of structured questionnaires, primary data was gathered. In order to gauge respondents' opinions on the subject, questionnaires were employed. The sample includes 249 SMEs from the Addis Ketema Sub City and examines how they use digital marketing to drive sales. From the list of registered SMEs in Addis Ketema Sub city, Addis Ababa, 249 respondents were chosen at random. Four components made up the questionnaire. The participant's personal information is covered in the first section, the company's general information is covered in the second, their use of digital marketing is covered in the third, and the impact of these tools on your company's sales performance and adoption challenges are covered in the final section.

3.7. Technique for Data Analysis

3.7.1. Descriptive and inferential methods

In this study the data were analyzed using both descriptive and inferential statistical methods. The data from original sources were analyzed using the statistical program SPSS v-25. Closed-ended questions are used to collect primary data, and then the ordinal scale (rank) measurement is used to assign a numerical value to each factor in order to quantify the data. In order to calculate the variables influencing SMEs in the research area's sales performance, multiple linear regression models were used According to (Malhotra, 2007) By employing the right data collection tools and a descriptive survey style, students are better able to visualize the current situation. To make the assessment process less stressful, the peaceful data was examined in class. Descriptive statistics were used to analyze the data, primarily frequency counts and percentages.

3.8 Validity and Reliability

Is the most crucial factor and demonstrates how accurately an instrument assesses the things it is intended to evaluate. It could also be considered helpful. In other words, validity is the extent to which differences observed by a measuring tool accurately reflect differences among the test subjects (Kothari, 2004).

To ensure the validity of the research instrument, a large number of pertinent literatures and multiple prior research questionnaires were used in this study. The research advisor and the internal examiner both carefully reviewed the validity of the questionnaire. Survey questions

based on literature reviews and frames of references were used to verify the accuracy of the findings. A pilot study was conducted to test the research tool testing with 15 people. Finally, utilizing the aforementioned techniques and pilot testing, the researcher created the final survey questionnaire while taking into account the respondents' feedback. After finishing the process, the respondents received the research instrument.

Reliability: - is how well a measurement reproduces accurate results if the measuring method is repeated (Malhotra & Birks, 2007). A pilot research including respondents was carried out to examine the instrument's internal consistency, and a Cronbach-Alpha reliability test was run. When a data collection tool has items that are scored on a range of values, i.e., different items have varied scoring points or attitude scales in which the item responses are in continuum, Cronbach-alpha is frequently employed in educational research (Oluwatayo, 2012). This coefficient ranges from 0 to 1, and a value of 0.6 or less typically denotes an inadequate level of internal consistency (Malhotra & Birks, 2007).

3.9. Ethical Consideration

According to Saunders, Lewis, and Thornhill (2009) the appropriateness of the researcher's behavior in light of the rights of the subjects or participants in the study is the definition of ethics in the context of research. Information was requested from respondents on a voluntary basis, the study's goal was disclosed in advance, and information confidentiality was ensured. Additionally, the questionnaire's introduction section included a statement about the study's goal. Furthermore, the questionnaires did not contain any assertions that were false or deceptive.

CHAPTER FOUR

4. DATA ANALYSIS, RESULT & DISSCUSSION

4.1. Introduction

The study's goal was to determine how digital marketing affected SME sales performance in the Addis Ketema sub-city. 249 respondents who were chosen by stratified sampling were given the questionnaire. Only 225 of these were correctly filled. As a result, the study is focused on the 225 genuine SMES responses to questionnaires.

4.2. The Questionnaire Response Rate

Owners of SMEs were physically given 249 questionnaires operating in Addis Ketema sub city of Addis Ababa. 225 questionnaires responded by SMEs this gave the study 90.36% response rate and 18.87% not responding According to Rubin & Babble (2010) for further evaluation, a response rate of 90.36% is considered "very good".

Table 3 Response rate

No.	Response rate to questionnaires	Quantity of questionnaires
1	sampling size	249
2	collected	225
Response rate		90.36%

4.3. Instrument testing

To ensure that the study instruments were valid and reliable, the researcher conducted a validity and reliability test prior to examining how the dependent (sales performance) variables affect the independent (digital marketing tools) variable.

4.3.1. Validity Test

Content validity is the degree to which a measuring tool appropriately addresses the subject of the investigation. If the instrument contains a sample that is typical of the entire universe, the content validity is good. It largely uses discretion and intuition when making decisions. There is no precise numerical definition for it, but it can also be assessed by a group of experts who will determine how well the measuring tool complies with the values (Kothari, 2004).The questionnaire's English to Amharic translation strives to make it more lucid and understandable.

4.3.2. Reliability Test

When evaluating the research instrument's internal consistency, a fair reliability is indicated by an alpha coefficient between 0.6 and 0.7. Therefore, to conduct this investigation, a result of 0.6 or above on the Cronbach Alpha is considered sufficient to indicate dependability. This study's dependability, as measured by the coefficient alpha, was determined to be 0.8 (table 4), indicating that the scales are suitable for future examination.

Table 4 Cronbach Alpha

Statistics of Reliability		
	Cronbach Alpha	N of Items
Affiliate marketing	0.734	3
Social media marketing	0.928	3
Mobile marketing	0.730	3
Overall Reliability	0.8	9

4.4. Descriptive statistics

4.4.1. Descriptive analysis of the demographics

This part describes the gender, age, education background, business type, position in the enterprise and size of enterprise of the respondents. These demographic factors have association with the study area.

Table 5 Chapter 4 Characteristics of the Respondents' Demographics

Variables	Groupings	Count	%
Gender of respondent	Male	132	58.7
	Female	93	41.3
Age of respondents	20-30	64	28.4
	31-40	130	57.8
	41-50	31	13.8
	>51	0	0.0
Education of respondents	First degree	35	15.6
	Diploma	32	14.2
	Certificate	7	3.1
	Secondary	128	56.9
	Primary	21	9.3
	Reading & Writing	2	0.9
	Other	0	0.0
Position	Owner	44	19.6
	top management	181	80.4
	middle management	0	0
Business type	Sole proprietorship	44	19.6
	Partnership	179	79.6
	PLC	2	0.9
Operation In Business	0-2	69	30.7
	3-5	88	39.1
	6-10	60	26.7
	11-15	8	3.6
	>15	0	0.0
Capital	Small	124	55.1
	Medium	101	44.9

Table 5, shows the demographic characteristics and frequency distribution of respondents gender,age,education,business type,operation in business ,position and size of enterprise 93(41.3%) of the respondents from SMEs were females while 132 (58.7%) were males. The proportion of male is higher than female.

From the above table 5 the highest age group is between 31-40 years (57.8%) followed by 28.4% of age between 20 -30 and 13.8% between 41 and 50 age groups.

According to the result in Table 5, the highest educational level of the participants is degree (15.6%). Secondary education (56.9%).Diploma holders are (14.2%), Primary (9.3%), Certificate (3.1%) and Reading & writing (0.9%)

As shown in the result in Table 5, owners are 19.6% and top management 80.4%.

Regarding the business type of enterprise Table 5 Indicates the distribution 19.6% were Sole proprietorship.79.6% were partnership & 0.9 were PLC.

As indicated in Table 5 the study findings shows that (39.1%)have been in operation between 3 to5 years,(30.7%)of SMESs have been in operation between 0-2 years,(26.7%)have been in operation between 6 to10 years &(3.6%)have been in operation between 11 to 15 years.

In terms of business size, the bulk of responses came from small-scale businesses, which accounted for 55.1% of the total, followed by medium-sized businesses, which accounted for 44.9%.

4.5. Impact of Digital marketing on sales performance

Descriptive analysis of variables

Descriptive statistics were used to describe the key aspects of the study's data. There are straightforward summaries of the sample and the measurements. Each descriptive statistic breaks down a big amount of data into smaller summaries, enabling the researcher to present quantitative descriptions in a style that is manageable (Gellman, 2007).

Respondents were asked to score their level of understanding of the digital marketing strategy and sales performance dimensions using a likert scale with 1 denoting "little extent" and 5 denoting "very great extent." As a result, the outcomes of the descriptive statistics for each variable (mean and standard deviation) are displayed in the table 6 underneath.

Table 6 Descriptive analysis of variables

Comparative Analysis of Data					
	N	Minimum	Maximum	Mean	Std. Deviation
Affiliate marketing	225	1	4	2.03	.958
Social Media	225	1	5	3.15	1.140
Mobile marketing	225	1	5	2.45	1.156
SALESPERFORM ANCE	225	1.00	5.00	2.5259	1.15231
Valid N (list wise)	225				

Source: SPSS (v.25) Descriptive Analysis Result, 2023

On the above table 6 the impact of digital marketing of SME's sales performance was analyzed. Based on that the first digital marketing was Affiliate marketing the study findings implied that a mean value of 2.03 that showed Affiliate marketing has an impact on sales performance to moderate extent. The survey also suggests that, with a mean value of 3.15, social media has a moderate impact on SME sales performance. Another digital marketing strategy analyzed in the study was mobile marketing has moderate extent on sales performance of SME's with mean value of 2.45. This indicates that respondents' opinions of the impact of digital marketing variables on the sales performance of small and medium-sized businesses are favorable (moderate agreement).

4.6. Extent of Challenges of digital marketing usage

Table 7 extent of challenges of Digital marketing usage or adoption

Descriptive Statistics				
	N	Mean	Std. Deviation	Variance
Lack Of finance is the Challenge	225	2.28	1.663	2.765
Lack of knowledge of Digital media is the challenge for adoption	225	3.04	1.456	2.119
Lack Of Planning & Implementation is the challenge	225	3.12	1.327	1.761
Digital Marketing Laws and policy is the challenge	225	1.67	1.449	2.098
Valid N (list wise)	225			

Source: SPSS (v.25) Descriptive Analysis Result, 2023

On the above table 7 shows the hindering factors that hinder digital marketing usage by SME's in AKSC. According To that lack of knowledge is the challenge by great extent with a mean value of 3.04, while lack of planning and implementation with a to a large extent by a mean value of 3.12. After that lack of finance with a mean value of 2.28 with moderate extent. Finally digital marketing laws & policy with a least impact on use of digital marketing with a mean value of 1.67.

4.7. Study Variables Correlation Analysis

Finding if there is a meaningful connection between two variables is typically the goal of correlation analysis (Field, 2005). It's employed to define the nature, direction, and intensity of a relationship between two variables. When analyzing the link between independence and variance, the Pearson correlation coefficient, also known as the Pearson correlation coefficient, is used. In most cases, the Pearson product-moment correlation coefficient (r) has a value between -1 and +1. Indicated by the sign, a correlation is either positive (i.e., as one variable increases, the other increases) or negative (i.e., as one variable increases, the other declines). According to Field (2005), a perfect positive correlation is indicated by a coefficient(r) of +1, and a perfect negative relationship is shown by a coefficient(r) of -1. A weak association is indicated by values of $r=0.1$ to 0.29 , an average association is indicated by $r=0.3$ to 0.49 , and a high association is indicated by $r=0.5$ to 1.0 . The following table 8 displays the results of a study on the relationships between several facets of digital marketing and digital marketing.

Table 8 Pearson Correlation matrix table

Correlations					
		Social Media	Affiliate marketing	Mobile marketing	SALESPERFORMANCE
Social Media	Pearson Correlation	1	.438**	.863**	.828**
	Sig. (2-tailed)		.000	.000	.000
	N	225	225	225	225
Affiliate marketing	Pearson Correlation	.438**	1	.516**	.659**
	Sig. (2-tailed)	.000		.000	.000
	N	225	225	225	225
Mobile marketing	Pearson Correlation	.863**	.516**	1	.820**
	Sig. (2-tailed)	.000	.000		.000
	N	225	225	225	225
SALESPERFORMANCE	Pearson Correlation	.828**	.659**	.820**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	225	225	225	225

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

Source: SPSS (v.25) survey Result, 2023

Table 8 Shows the Pearson correlation result According to the above table the value of the correlation between social media marketing and sales performance is (0.828), it is significant at the 0.01 level, the value of the correlation between affiliate marketing and sales performance is (0.659), it is significant at the 0.01 level, and the value of the correlation between mobile marketing and sales performance is (0.820). This suggests that there is a positive relationship between the three independent variables—affiliate, social media, and mobile marketing—and the dependent variable, sales success.

4.8. Regression Analysis

Regression is a method that forecasts the value of a variable using one or more independent variables (Albaum, 1997). Statistical analysis known as regression tool used to examine the relationship between variables. Often, researchers try to determine the how one variable affects another. The researcher collected data on the essential underlying variables to answer these questions, and then used regression to determine the quantitative effect of the causal variables on

the variable under investigation. Additionally, researchers frequently gauge the "significance" of an estimated link, or the degree to which they are certain that the relationship actually resembles what was predicted. (Malhotra, 2007). In this investigation, the researcher attempted to test the hypothesis before conducting a retrospective analysis.

4.8.1. Test of Normality

According to Hair et al. (2006), normality is related to the form of a metric variable's data distribution and how it connects to the normal distribution. One way for determining normality is to evaluate the Skewness and kurtosis of the variables. Skewness actually gives a hint as to the distribution's symmetry. Kurtosis refers to whether the distribution is peaked or flat in comparison to the normal distribution.

Therefore, the normal distribution is determined using the statistics of skewness and kurtosis. George and Mallery (2010) state that between -2 and +2 is the proper range for normality for both measures. Given that the values for skewness and kurtosis for all variables are roughly within the range provided in the table below, and that all items meet the requirement of having skewness and kurtosis values between -2 and 2, it seems likely that all items have distributions that are close to normal. Because of this, the study's data had a normal distribution.

Assuming that every item satisfies the requirements of skewness and kurtosis values between -2 and 2, this shows that every item exhibits a distribution that is very similar to normal. The study's data was consequently regularly distributed.

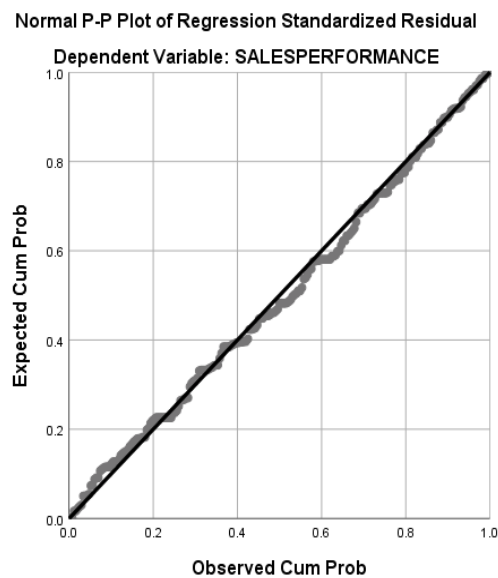
Table 9 Normality of Distribution Using Descriptive Statistics (Skewness and Kurtosis)

Descriptive Statistics					
Variable	N	Skew ness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Affiliate marketing	225	.463	.162	-1.161	.323
Social Media	225	.190	.162	-1.221	.323
Mobile marketing	225	.375	.162	-.823	.323
SALESPERFORM ANCE	225	.389	.162	-1.024	.323
Valid N (list wise)	225				

Source: SPSS (v.25) Descriptive Analysis Result, 2023

As shown in the above table 9, this is based on statistics for skewness and kurtosis. The appropriate range for normality for both statistics, according to George and Mallery (2010) is in the range of -2 and +2. As can be seen from the graph below, all of the values for Kurtosis and Skewness are essentially within the range that is thought to be typical. Therefore, given that all items exhibit skewness and kurtosis values between -2 and 2, this suggests that all things exhibit near to normal distribution. As a result, the study's data had a normal distribution.

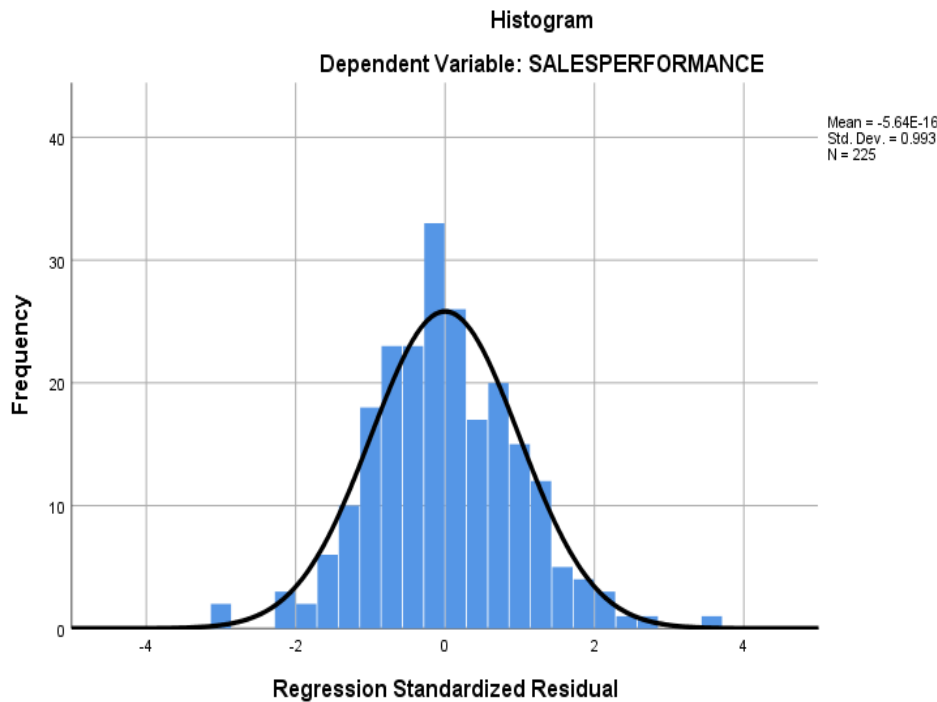
Figure 4 Normality plot



Source: SPSS (v.25) survey Result, 2023

Another useful graph for determining if a distribution is normally distributed is a probability-probability plot, or P-P plot. The plots, as opposed to residuals plots, compare the consistent residuals with the normal distribution, according to Hair et al. (1998). The normal distribution's diagonal, which is normally a straight line, is contrasted with the plotted residuals. In the event that a distribution is normal, the residual line closely resembles the diagonal (Hair et al., 1998). As a result, the data were dispersed regularly, as seen in the figure below.

Figure 5 Histogram normality plot

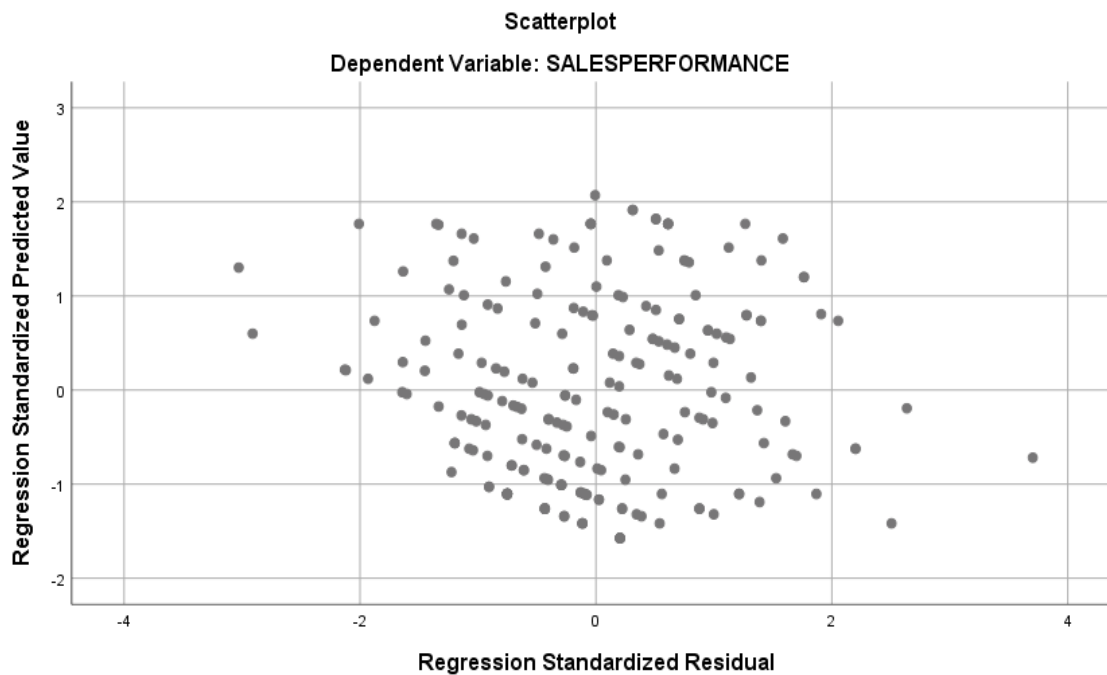


Source: SPSS (v.25) survey Result, 2023

4.8.2. Homoscedasticity

Hair et al. (2010) the variance homoscedasticity test is homogeneous. Scatter plots between the dependent and each explanatory variable demonstrate that data are not constant. According to scatter plots of the residuals and predicted values, Figure 5 demonstrates that the homogeneity of the variables is satisfied.

Figure 6 scatter plot



Source: SPSS (v.25) survey Result, 2023

4.8.3. Test for Multicollinearity

Following the completion of the data normality test, it is necessary to perform multicollinearity testing to ascertain whether there is similarity between the independent variables in a model. A substantial correlation will be produced when independent variables are similar. When the inflation factor of variance, or VIF, equals 1, there is no discernible variance. The predictors are associated if VIF exceeds 1. VIF greater than 10 shows poor regression coefficients, while VIF between 5 and 10 suggests a relationship issue according to Eston Martz (2013).

Table 10 Collinearity table

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Social Media	.256	3.909
	Affiliate marketing	.733	1.364
	Mobile marketing	.232	4.307

Source: SPSS (v.25) survey Result, 2023

According to the data in Table 10 above, the coefficient output collinearity statistics for social media marketing, mobile marketing, and affiliate marketing all yielded VIF values of (3.909), (4.307), and (1.364), respectively. This means that the obtained VIF value is larger than one and that there is a considerably.

4.9. The analysis of multiple linear regression

Factors (such as affiliates, social media, and mobile marketing) on the sales variable were investigated using regression analysis. The technique of regression analysis was used to evaluate the significance of each independent variable for the dependent variable. A 95% confidence interval and a significance threshold of 0.05 were applied.

Multiple regression analysis is used to assess how directly marketing input variables affect performance. The relevant regression analysis example is shown in Table 11.

The residuals are thought to be independent of one another according to the horizontal multivariate model. The Durbin-Watson statistic is used to see if there is a correlation between the residuals. The Durbin-Watson statistic has a range of values from 0 to 4.

In general, the residuals are not related if the Durbin-Watson statistic is close to 2 and an acceptable range is 1.50-2.5.

Table 11 summarized regression model table

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.899 ^a	.808	.805	.50885	1.560
a. Predictors: (Constant), mobile marketing, Affiliate marketing, Social media					
b. Dependent Variable: SALESPERFORMANCE					

Source: SPSS (v.25) survey Result, 2023

The R value and the R square values are shown in table 11 of the above mentioned model summary. There is a strong correlation between the independent variables and sales success, as indicated by the R value, which measures the simple correlation and is (0.899). The R square value, which equals (0.808), or 80.8%, indicates how much of the total variation in the dependent variable's sales performance can be explained by the independent variables of affiliate, social media, and mobile marketing. The modified R square is 0.805.

ANOVA (Analysis of Variance) Test Analysis of variance is a technique for statistics suitable for evaluating the effects of independent variables on dependent variables. If the Ftest is not significant, the model should be discarded without further steps (William, 2010)

Table 12 ANOVA table

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	240.208	3	80.069	309.229	.000 ^b
	Residual	57.224	221	.259		
	Total	297.432	224			
a. Dependent Variable: SALESPERFORMANCE						
b. Predictors: (Constant), mobile marketing, Affiliate marketing, Social Media						

Source: SPSS (v.25) survey Result, 2023

The above table 12 the overall statistical significance and acceptability of the model is displayed in the ANOVA table (Pedhazur, 1982).The variation explained by the model is not attributable to chance, as seen in the above table when the p-value is less than 0.05, or 0.000.

Regression Coefficient

A unit change in the variable causes a mean change in the variable, which is described by the regression coefficient. Greater values of the independent variable's beta coefficient provide evidence that the independent variable has a greater bearing on the outcome than the predictor's assessment.

Table 13 Regression coefficient table

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.381	.110		-3.464	.001
	Social Media	.486	.059	.481	8.242	.000
	Affiliate marketing	.393	.041	.327	9.484	.000
	Mobile marketing	.236	.061	.237	3.864	.000
a. Dependent Variable: SALES PERFORMANCE						

Source: SPSS (v.25) survey Result, 2023

All predictor variables (Social media, Affiliate, and mobile marketing) are significantly correlated with sales performance, according to Table 13 above. According to Table 13, each variable's P-value is used at the significance levels of .000, .000, and .000, and its standardized coefficients are 0.481, 0.327, and 0.237, respectively. Each independent variable's p-value is less than 0.05. This suggests that the independent variables and the dependent variable (SMEs sales Performance) have a significant relationship.

Interpretation In terms of Research Hypotheses

These findings led to the development of the following regression equation, which forecasts SMEs' performance in sales based on a linear combination of social media, affiliate marketing, and mobile marketing.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

$$Y = -.381 + 0.486X_1 + 0.393X_2 + 0.236X_3 + e \quad \text{where}$$

Y= SMEs sales Performance (Dependent Variable)

β_0 = Intercept

$\beta_1, \beta_2, \beta_3$ Coefficients of the line

X1=social media marketing

X2= affiliate marketing

X3= mobile marketing

e= Sampling error

First, this result shows that when all independent variables have values of zero, the constant intercept is-.381. Holding social media marketing, affiliate marketing, and mobile marketing constant as you work your way through the equation.

Table 14 summarizing the hypothesis

Hypothesis	Model	Result	Reason
H1;Social media has a significant and positive effect on the sales performance of SMES's in Addis Ketema sub city.	Regression	Accepted	$\beta = .481$ $P = 0.000$
H2;Affiliate marketing has a significant and positive effect on the sales performance of SMES's in Addis Ketema sub city.	Regression	Accepted	$\beta = .327$ $P = 0.000$
H3;mobile marketing has a significant and positive effect on the sales performance of SMES's in Addis Ketema sub city.	Regression	Accepted	$\beta = .237$ $P = 0.000$

H1: Social media has a significant and positive effect on the sales performance of SMES's in Addis Ketema sub city.

(Accepted: $\beta_1 = 0.481$, t-Value = 8.242, P=0.000)

As shown in the table above 14 social media has a significant and positive effect on the sales performance of SMES's in Addis Ketema sub city. As seen in the table, a one unit increase in

social media induced a 0.481 unit rise in sales performance while maintaining the other element constant.

H2: Affiliate marketing has a significant and positive effect on the sales performance of SMES's in Addis Ketema sub city.

(Accepted: $\beta_1 = 0.327$, t-Value = 9.484, P=0.00)

As shown in the table above 14 affiliate marketing has a significant and positive effect on the sales performance of SMES's in Addis Ketema sub city as seen in the table, a one unit increase in affiliate marketing results in a 0.327 unit improvement in sales performance while holding the other element constant.

H3: mobile marketing has a significant and positive effect on the sales performance of SMES's in Addis Ketema sub city.

(Accepted: $\beta_1 = 0.237$, t-Value = 3.864, P=0.000)

As shown in the table above 14 mobile has a significant and positive effect on the sales performance of SMES's in Addis Ketema sub city. As seen in the table, a one-unit increase in mobile marketing results in a 0.237 unit increases in sales performance while holding the other variables constant.

In general social media has its high impact on sales performance of SMES's in Addis Ketema sub city followed by affiliate marketing and mobile marketing respectively.

4.10 Discussion

This study's goal was to evaluate how digital marketing affected SME sales performance in the Addis Ketema sub-city. The study examined the effects of several digital marketing tools (or dimensions) on SME sales success.

The first digital marketing tool to be analyzed was social media the results show that social media usage by SME's is great extent and it has impact on sales performance SME's nowadays began to use telegram and Facebook in order to create brand awareness to attract new customers and retain existing ones. The result is consistent with (Ahmad, 2022),(OMONDI, 2017) , (bodoine, 2020) who implies that a positive relationship and increase in sales performance as a result of social media usage. The research also shows that the other two digital marketing

techniques (affiliate & mobile marketing) are implemented by SME's by moderate & little extent.

First, there is the ANOVA test, which yielded a P-value of 0.000, which is less than the alpha level, or 0.05. That indicates that the total independent variables and the dependent variable, in this case, sales performance, have a statistically significant relationship.

The r (Coefficient of Correlation), a straightforward measurement of the degree of (linear) relationship between the dependent variable and the independent variables together. It just assesses how strongly the two variables are connected or vary from one another. Hindi (2004). Thus, according to the table of correlations, social media has a substantial correlation with sales success, with a correlation coefficient of 0.828, followed by mobile marketing and affiliate marketing (0.820 and 0.659).

This is a good value for R since it shows that social media, affiliate marketing, and mobile marketing can account for or explain 89.9% of the variability in SME's digital marketing. 89.9% of the elements influencing SME's sales success are explained, with digital marketing having a strong and important impact.

The final step involves examining the adjusted R square, which is the percentage of total variation or dispersion in the sales performance of SMEs (the dependent variable) that can be explained by the variation in the independent variables in the regression. With an adjusted R Square value of 0.805, this means that the linear relationship between all the independent factors and the variation in SME sales performance accounts for 80.5% of it. Therefore, a high adjusted R square indicates that the study's independent factors have a significant impact on the dependent variable.

The independent variables' individual effects can be accounted for by their corresponding beta coefficients. Digital marketing for SMEs and sales performance had the highest positive effects, according to the regression result table. As seen in the table, social media marketing has a considerable impact on sales performance, increasing sales performance by 0.481 units for every unit increase while holding the other element equal.

A one-unit increase in affiliate marketing resulted in a 0.327-unit rise in sales performance, according to the regression results for the second variable under consideration. Keeping the other factor constant. This demonstrates that affiliate marketing has a significant impact on sales performance.

With the other variables held constant, the third variable, mobile marketing, also has a positive impact on sales performance. For every unit more given to mobile marketing, sales performance increased by 0.237 units. Although this element affects sales performance favorably, it is not as important as the other two (affiliate marketing & social media).

From the explanation above, it is clear that digital marketing has a large and advantageous effect on sales results.

The study's second goal was to learn more about the difficulties SME's have with digital marketing. According to the study's findings, a lack of planning and implementation and a lack of expertise of digital media are the greatest obstacles, with respective mean values of 3.04 and 3.12, followed by a lack of funding and a digital marketing policy with respective mean values of 2.28 and 1.67.

CHAPTER FIVE

FINDING, CONCLUSION & RECOMMENDATION

5.1. Introduction

This chapter gives the summary, finding, and advice resulting from the data analysis performed in the preceding part.

5.2. Summary of the Main Results

The goal of the study was to figure out how digital marketing affected SMEs' performance. A total of 249 paper-based questionnaires for this study were given out to randomly chosen SMEs, and 225 (90.36%) of them were fully completed and returned.

Concerning the general information and the respondents' demographics

- Males made up 53.8% of the respondents, while females made up the remaining 46.2%.
- Out of all respondents, more than half (57.8%) were between the ages of 31 and 40, followed by the 20 to 30 age group (28.1%) and the 41 to 50 age group (13.8%).
- The majority (56.9%) of them were Secondary complete, 15.6% were First degree holders, while 14.2% were Diploma holders, while 3.1% were certificate ,9.3% primary complete the rest 0.9 % were reading &writing.
- 30.7% of respondents had 0–2 years of experience, while 39.1% had 3-5 years. While, 26.7% of respondents had 6 to 10 years' experience, 3.6% had 11 to 15 years' experience, and 15.0% had more.

The Pearson correlation coefficient result showed that there is a positive correlation between digital marketing and sales performance, indicating that an increase in digital marketing results in an increase in sales for social media marketing, mobile marketing, and affiliate marketing. For social media marketing, the value of r is (0.820) and significant at the 0.00 level; for mobile marketing, the value of r is (0.820) and significant at the 0.00 level. The data analysis revealed that social media is the most important of the three, indicating that the company's digital marketing goal must center on social media. mobile marketing was discovered to be the third key influence, with affiliate marketing being the second.

According to the regression analysis, the coefficient correlation (R) value for social media, affiliate marketing, and mobile marketing is (0.899), while the R-square result is (0.805). This shows that the total contribution of all independent variables to sales success was around 0.805, or 80.5%.

The study's findings indicate that the final challenges SMEs face when using digital marketing are a lack of planning and implementation, as well as a lack of understanding of digital media, with respective mean values of 3.04 and 3.12, followed by a lack of funding and a digital marketing policy with respective mean values of 2.28 and 1.67.

5.3. Conclusion

This study's primary objective was to assess the effect of digital marketing on SME sales performance in the Addis Ketema Sub city.

The study's findings led to the following conclusion. Social media, affiliate marketing, and mobile marketing all have an important and favorable link with sales performance, according to the regression results.

- The impact of social media marketing on sales performance is significant, and it is positively correlated. Sales performance rose by 0.486 when social media marketing increased by one unit.
- Affiliate marketing significantly affects sales performance and has a favorable link with it. Sales performance increased by 0.393 when affiliate marketing grew by one unit.
- Mobile marketing significantly affects sales performance and has a favorable association with it. Sales performance increases by 0.236 when mobile marketing is raised by one unit.

According to the study's findings, social media significantly affects SME's in Addis Ketema's sub-city sales growth. The study came to the conclusion that social media is a useful technique of digital marketing for the expansion of SME sales.

The study came to the additional conclusion that the difficulties faced by SME's in implementing digital marketing were examined and graded in terms of how much they had an impact on sales results. According to the study's findings, the major obstacles to improving SME's use of digital

marketing in the Addis Ketema sub city were a lack of strategy and implementation as well as a lack of awareness of digital media.

According to the findings of the study concludes that applying a digital marketing strategy to a small & medium company is very beneficial to increase the profits of a business.

5.4 Recommendation

The following conclusions were drawn from the study's findings and conclusion.

- SME's should prioritize digital marketing, especially on social media, over other forms of traditional marketing to increase sales.
- The business should combine different aspects of digital marketing to reach their target audience.
- SMEs should be properly trained on the digital marketing tools available and how to run the business.
- The Sub city must give attention for digital media just like job creation as SMEs impact positively on the economy.
- Best practices of businesses using digital marketing should be exemplified and shared with other non-digital marketing users.
- SME's best to use other social media like Tiktok & YouTube to stay close to their customers.
- SME's best to use other Affiliate marketing like Seregela, Ashewa... to stay close to their customers

5.5. Limitations

No research is complete and there is always more research to be done. The entire study has some limitations, the first of which is geographical. Data were collected only from SMEs located in the Addis Ketema subcity of Addis Ababa. More specific and geographically broad research is needed to examine how digital marketing affects sales.

5.6. Future Research

- Based on the study's findings, it is suggested that other sub-cities be included in future research.
- Other factors that impact sales performance (Internal & External factors) of SME's should be analyzed
- Social media, affiliate marketing, and mobile marketing were the study's main predictive variables; however, more predictive variables need to be examined to have a complete understanding.
- Cross-sectional analysis was used in this study. However, digital practice and technology are constantly evolving and growing. From now on, longitudinal research will be possible to assess the development of digital marketing techniques.

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Appendixes

Appendix I: Survey Questionnaire



ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE

Informed Consent Form Research Project Information

The study conducted by **Yemisrach Tadesse Mengistie** who is a postgraduate student (Master of art in marketing management) at Addis Ababa university school of commerce , Ethiopia .The aim of the research project is to assess the impact of digital marketing on sales performance of SMES In The Case of Addis ketema Sub city Addis Ababa , Ethiopia. This study seeks to contribute to the body of knowledge that will inform policy recommendations to the sector. A structured questionnaire will be used to gather the required data.

Dear Respondent,

All information provided for the study will be treated with *strict confidentiality*. Participation in the study is voluntary and participants are free to withdraw from the study at any time without any negative or undesirable consequences to themselves. Due to the nature of the study and the budget for this research, the researcher is not promising any benefits for the participation in the research.

Part 1. Personal Data

1- Gender Male Female

2. Age

A. 20-30 B. 31- 40 C. 41- 50

D. 51 & above

3. Level of education?

A. First degree B. Diploma C. Certificate

D. secondary E .Primary F. reading & writing G. Other

4. What is your Position in the organization?

A. Business Owner B. Top Management C. Middle Management

Part 2 General information of the SME

1. Type of business?

Sole proprietorship

Partnership

PLC

2. How long has your business in operation?

A. 0-2 years

B. 3-5 years

C. 6 -10 years

D. 11-15 years

E. over 15 years

3. State your firm capital

Part 3 Extent of digital marketing adoption

Please indicate the extent to which you have applied the forms of digital marketing in your firm.

Where, 5 = very great extent, 4 = great extent, 3 = Moderate, 2 = little extent and 1= no extent at all

S.N	Forms of digital marketing used by firms	5	4	3	2	1
1	Social media marketing					
2	Mobile marketing					
3	Affiliate marketing					

Please select/tick the number that best reflects what your enterprise has been practicing so far and how do you believe different types of digital marketing are impacting the sales performance

Where, 5 = very great extent, 4 = great extent, 3 = Moderate, 2 = little extent and 1= no extent at all

S.N	Affiliate marketing	5	4	3	2	1
1	Affiliate marketing IS EFFECTIVE IN RETAINING CUSTOMERS					
2	In Our Company Employing KEFITA Online market affects sales performance					
3	In Our Company Employing Jumiaa affects sales performance					

S.N	Social media Marketing	5	4	3	2	1
1	SOCIAL MEDIA IS EFFECTIVE IN RETAINING CUSTOMERS					
2	In Our Company Employing Facebook affects sales performance					
3	In Our Company Employing Telegram affects sales performance					

S.N	Mobile media marketing	5	4	3	2	1
1	Mobile marketing IS EFFECTIVE IN RETAINING CUSTOMERS					
2	In Our Company Employing SMS affects sales performance					
3	In Our Company Employing voice calls affects sales performance					

Part 4 1. To what extent do digital marketing tools impact on sales performance of your firm?

Social media marketing has maximize sales performance in my firm	No extent <input type="checkbox"/> Little extent <input type="checkbox"/> Moderate extent <input type="checkbox"/> Great extent <input type="checkbox"/> Very great extent <input type="checkbox"/>
Affiliate marketing has maximize sales performance in my firm	No extent <input type="checkbox"/> Little extent <input type="checkbox"/> Moderate extent <input type="checkbox"/> Great extent <input type="checkbox"/> Very great extent <input type="checkbox"/>
Mobile marketing has maximize sales performance in my firm	No extent <input type="checkbox"/> Little extent <input type="checkbox"/> Moderate extent <input type="checkbox"/> Great extent <input type="checkbox"/> Very great extent <input type="checkbox"/>

2.To what extent do the challenges hinder your adoption of digital marketing by your firm?

	5	4	3	2	1
Lack of finance					
Lack of digital media knowledge					
Lack of planning and implementation					
Laws and policies regarding digital marketing					

አባሪ 2

መጠይቅ

Appendix II: Amharic Version Questionnaire

Addis Ababa
University
(Since 1950)



በአዲስ አበባ ዩኒቨርሲቲ ንግድ ስራ ት/ቤት የማርኬቲንግ ማኔጅመንት የድህረ ምረቃ ትምህርት ፕሮግራም

በአስተዳደርና መካከለኛ ኢንተርፕራይዞች የሚሞላ መጠይቅ ውድ ተሳታፊዎች ስሜ የምስራች ታደሰ ሲሆን በአዲስ አበባ ዩኒቨርሲቲ ንግድ ስራ ት/ቤት ውስጥ የማርኬቲንግ ማኔጅመንት ተመራጭ ተማሪ ነኝ። ስለሆነም የድህረ ምረቃ ፅሁፍን መስራት ይህንን መጠይቅ በመሙላት እንዲተባበሩኝ እጠይቃለሁ። የዚህ ጥናት አላማ በአዲስ ከተማ ክ/ከተማ ላይ የሚገኙትን የአስተዳደርና መካከለኛ ኢንተርፕራይዞች "የዲጂታል ግብይት በሽያጭ አፈጻጸም ላይ ያሰውን ውጤት" ማጥናት ነው። ስለሆነም ሰጥናቱ መሳካት የእርስዎ እውነተኛና ትክክለኛ መልስ በጣም አስፈላጊ ነው። ሰሚያደርገልኝ ቀና ትብብር አስቀድሜ ሰማመስገን እወዳለሁ።

ሰተጨማሪ መረጃ ከዚህ በታች ባለው አድራሻ ያግኙኝ!

ኢ-ሜይል: yemisrachtade21@gmail.com

ስልክ: +251 913 039942

አጠቃላይ መመሪያ

ስም መጻፍ አያስፈልገም።

በእያንዳንዱ ጥያቄዎች መጀመሪያ ላይ መመሪያ ተቀምጧል።

3.የድርጅቱን ካፒታልምን ይገለጹ

ክፍል 3 ዲጂታል ግብይት ትግበራ አጠቃቀም መጠን

አባቱን በድርጅቱ ውስጥ የዲጂታል ግብይት ዓይነቶችን የተተገበሩበትን መጠን ያመልክቱ.

5 = እጅግ በጣም ከፍተኛ ፣ 4= በጣም ከፍተኛ ፣ 3= መካከለኛ ፣ 2 = ዘቅተኛ እና 1 =በጣም ዘቅተኛ

S.N	የተቆራኝ ግብይት	5	4	3	2	1
1	የተቆራኝ ግብይት ደንበኞችን ይዞ ለማቆየት ጠቅሞኛል					
2	ከፍታ የሶን ሳይን ማርኬቲንግ ለማስዋወቂያ አጠቃቀሟል					
3	ጁሚያ ሲትዩቶን ለማስዋወቂያ አጠቃቀሟል					

S.N	ማህበራዊ ሚዲያ ግብይት	5	4	3	2	1
1	ማህበራዊ ሚዲያ ግብይት ደንበኞችን ይዞ ለማቆየት ጠቅሞኛል					
2	ፌስቡክን ምርቶችን ለማስዋወቂያ አጠቃቀሟል					
3	ቴሌግራምን ምርቶችን ለማስዋወቂያ አጠቃቀሟል					

S.N	የሞባይል ግብይት	5	4	3	2	1
1	ሞባይል ግብይት ደንበኞችን ይዞ ለማቆየት ጠቅሞኛል					
2	SMS ምርቶችን ለማስዋወቂያ አጠቃቀሟል					
3	የስልክ ጥሪ በመጠቀም ምርቶችን ለማስዋወቂያ አጠቃቀሟል					

ክፍል 4 1.የዲጂታል ግብይት መሣሪያዎች ስድርጅትዎ የሽያጭ አፈፃፀም ላይ ምን ያህል ተጽዕኖ ያሳድራሉ?

<p>Social media marketing(መህበራዊ ሚዲያ ግብይት) የሽያጭ አቅሚን ጨምርሰኛል</p>	<p>ምንም ያህል <input type="checkbox"/></p> <p>በትንሽ መጠን <input type="checkbox"/></p> <p>መካከለኛ <input type="checkbox"/></p> <p>ከፍተኛ <input type="checkbox"/></p> <p>በጣም ከፍተኛ <input type="checkbox"/></p>
<p>Mobile marketing(የሞባይል ግብይት)የሽያጭ አቅሚን ጨምርሰኛል</p>	<p>ምንም ያህል <input type="checkbox"/></p> <p>በትንሽ መጠን <input type="checkbox"/></p> <p>መካከለኛ <input type="checkbox"/></p> <p>ከፍተኛ <input type="checkbox"/></p> <p>በጣም ከፍተኛ <input type="checkbox"/></p>
<p>Affiliate marketing(የተቆራኝ ግብይት) የሽያጭ አቅሚን ጨምርሰኛል</p>	<p>ምንም ያህል <input type="checkbox"/></p> <p>በትንሽ መጠን <input type="checkbox"/></p> <p>መካከለኛ <input type="checkbox"/></p> <p>ከፍተኛ <input type="checkbox"/></p> <p>በጣም ከፍተኛ <input type="checkbox"/></p>

2. በዲጂታል ንግድ ስራ ላይ በዲጂታል ግብይትም ተቀባይነት እንዲያገኝ የሚያገዳት ተግዳሮቶች እስከ ምን ድረስ ናቸው?

	5	4	3	2	1
የገንዘብ እጥረት					
የዲጂታል ሚዲያ እውቀት እጥረት					
የዕቅድ እና የትግበራ እጥረት					
ዲጂታል ግብይት በተመለከተ ህጎች እና ፖሊሲዎች					