

Addis Ababa
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Assessment of Marketing Strategy on Sales Performance: In Private Insurance Companies

**A Thesis Submitted to Addis Ababa University College of
Business and Economics, Graduate Studies in Partial
Fulfillment of the Requirements for the Degree of Master of
Business Administration in Management**

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DECLARATION

I, HawiTesfaye hereby declare that this thesis entitled “**Assessment of Marketing Strategy on Sales Performance: In Private Insurance Companies**”, is my original work and has not been presented for a degree in any other university or organization, and that all sources of materials used for the thesis have been duly acknowledged.

Researcher’s Name: HawiTesfaye

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Date: _____

APPROVAL

This is to certify that the thesis prepared by, HawiTesfaye“**Assessment of Marketing Strategy on Sales Performance: In Private Insurance Companies**”is submitted for the partial fulfillment of Masters of Business Administration (MBA) complies with the regulations of the university and meets the accepted standard with respect to originality and quality.

Advisor's Name: Amare Abawa (PhD)

Signature: 

Date: July08/2024

Certification of Originality and Quality

Addis Ababa University
College of Business and Economics
School of Graduate Studies

This is to certify that the thesis prepared by, Hawi Tesfaye “**Assessment of Marketing Strategy on Sales Performance: In Private Insurance Companies**” is submitted for the partial fulfillment of Masters of Business Administration (MBA) complies with the regulations of the university and meets the accepted standard with respect to originality and quality.

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Abstract

This research assesses the role of marketing strategy on sales performance. The target population for the study was private insurance companies' branch managers, marketing and sales heads or managers and supervisors working in Addis Ababa area. Stratified random sampling technique was used and 209 employees of insurance companies as the sample of the study. The researcher used descriptive research design and quantitative research approach. The data collected from questionnaires is systematically organized in a manner to facilitate the analysis. The data were analyzed using Statistical Package for Social Sciences (SPSS) and summarized to relate the collected variables from questionnaires. The data were also classified, tabulated, and summarized using descriptive measures such as; mean, standard deviation, and percentages. The results showed that sales performance and customer segmentation, sales performance and relationship marketing, sales performance and marketing channels are all correlated weakly but to be considered in a positive direction. Furthermore, the descriptive analysis showed that all constructs of marketing strategy (customer segmentation, customer prioritization and targeting, relationship marketing and marketing channels) align to favorable side of the scale used to measure them. Therefore, it is recommended that insurance companies have to rigorously identify which customer segments, which technique to prioritize and target, which relationship strategy and which marketing channels will increase their sales performance and helps them to attain organizational goals.

Key Words: Marketing Strategy, Sales Performance, Insurance

CHAPTER ONE

1. INTRODUCTION

This introductory chapter provides information concerning an overview of the study. It includes a background of the study, a statement of the problem and the associated research questions answered objectives of the study, significance of the study, scope and limitation of the study, definition of variables, and organization of the study.

1.1 Background of the study

Strategy is the way, method, technique or plan which an individual or organization intends to exploit in achieving success in the marketplace or in the society. (Gleuck, 1984) as cited in (Achumba, 2000:2) defines strategy as a unified, comprehensive and integrated plan relating the strategic advantage of the firm to the challenges of the environment.

Market strategy can be defined as an organizations integrated pattern of decisions that specify its crucial choices concerning products, markets, marketing activities and marketing resources in the creation, communication and/or delivery of products that offer value to customers in exchanges with the organization and there by enables the organization to achieve specific objectives Varadarajan R. (2010).

Marketing strategy determines the choice of target market segments, positioning, marketing mix, and allocation of resources. Marketing strategy encompasses selecting and analyzing the target market(s) and creating and maintaining an appropriate marketing mix that satisfies the target market and company (Fifield, 1994).

Jaakkola (2010) noted that, cost efficiency does not provide long-term competitive advantage for companies; whereas marketing, when well conducted, does. Especially in the field of strategic marketing, benefits are still largely waiting for realization.

Performance is a complex multidimensional construct (Chakravarthy, 1986; Kaplan and Norton, 1996; Walker and Ruekert, 1987; that is influenced by both the level of analysis (e.g., functional vs. business strategy) and strategy type.

According to Capon, Farley, and Hoenig, 1990; Kaplan and Norton, 1996; Varaiya, Kerin, and Weeks, 1987; Profitability and market performance (i.e., sales and market share effectiveness)

are widely recognized as two of the most important indicators of financial performance and because of their relevance regardless of strategy level or strategy type.

Sales performance is the sum of sales effectiveness and sales efficiency. Sales effectiveness is the ability of a company's sales professionals to "win" at each stage of the customer's buying process, resulting in the business earning money on favorable terms and in a timely manner (Farris *et al.*, 2010; Dean, 2015). According to Hutt and Speh (2013), the term "sales" is used to describe any business transaction in which one party exchanges money for another party's products or services. Dean (2015) argues that in order to reduce sales costs and secure long-term success, businesses in all sectors, regardless of size, must focus on developing and improving their sales performance.

1.2 Research Background

As part of the important segment of the financial sector Hails and Sumegi(2008) , the insurance industry plays an important role in the economy of most developed and developing countries contributing to economic growth, efficient resource allocation, reduction of transaction costs, creation of liquidity, facilitation of economics of scale in investment, and spread of financial losses.

Insurance plays a critical role in supporting economic activity, and a sound insurance mechanism makes a critical contribution to the sustainability and growth of the national economy. Few individuals and entities can effectively protect their property ownership and other economic rights without relying on insurance. Insurance companies are also significant institutional investors, playing a critical role in providing financing to the real economy through investments in bonds, stocks, and other assets (Kwon and Wolfrom, 2017).

Pfeiffer (1956) defines Insurance is a device for the reduction of uncertainty of one party called the insured, through the transfer of particular risks to another party, called the insurer, who offers a restoration, at least in part of economic losses suffered by the insured.

Pritchett, et al (1996) defines Insurance as a social device, in which a group of individuals (called "Insured's") transfer risk to another party (called the "insurer") in order to combine loss experiences, which statistical prediction of losses and provides for payment of losses from fund

contributed (premiums) by all members who transferred risk. Therefore, the current business world without insurance companies is unsustainable because risky businesses have no capacity to retain all types of risk in the current extremely uncertain environment.

Modern forms of insurance service which were introduced in Ethiopia by Europeans trace their origin as far back as 1905 when the bank of Abyssinia began to transact fire and marine insurance as an agent of a foreign insurance company (Bernabas, 2018). The annual report of NBE 2021/2022 reported that although the number of insurance companies remained at 18, their branches rose to be over 650. About 55.4 percent of the branches were located in Addis Ababa and 84.5 percent of the total branches were private. Insurance companies increased their total capital to Birr 13 billion, of which, the share of private insurance companies was 68.3 percent and that of a public insurance company was 31.7 percent.

Figure 1. Ethiopian Insurance Sector Overview



The aim of this research is assess the role of marketing strategy on sales performance in the insurance market and aims to add empirical findings that contribute to the literature of marketing strategy and sales performance in the private insurance industry of Ethiopia.

1.1 Problem of the statement

The insurance industry in Ethiopia is confronted with several challenges, with low insurance penetration taking the forefront. According to (Atlas Magazine, 2022), the current level of insurance penetration in Ethiopia stands at a mere 0.32%. While low insurance penetration is a global issue, with developed markets such as the UK and the USA at approximately 11.1% and 11.7%, respectively; it is a more pressing concern in Ethiopia, where the penetration rate falls far below both the continent's average of 2.78% and the global average of 7.23% (Statista, 2023). Furthermore, Ethiopia's insurance penetration lags behind that of other African countries, such as South Africa at 12.2%, Namibia at 7.86%, and Mauritius at 5.7% (Africa Re, 2021).

Marketing strategy has become a vital part of any company's overall strategy in order to remain competitive in today's global marketplace. An effective marketing strategy is essential to a company's capacity to grow its market share while also limiting the negative effects of competition (Adewale, Adesola, &Oyewale, 2013).

Studies has been conducted that showed the relationship of marketing strategies to performance. For example, Moula C. (2017), conducted a study on the effect of marketing strategies on sales performance of SMEs in Kenya and positive relationship between all the marketing mix elements and sales performance was indicated.

Alita et al. (2012) examined the influence of promotional strategies on banks performance. The authors found that there is a positive relationship between promotional strategies and bank performance.

Ayedunetet.al. (2014), examined the effect of marketing strategies on corporate performance of estate surveying and valuation firms in Kaduna metropolis of Nigeria. The study revealed that marketing strategies adopted and corporate performance of the firms were positively correlated.

Mustapha (2017), investigated effects of marketing mix strategy on performance of small-scale businesses in Nigeria and the study found that that the effects of business performance and product offered to the market, price, promotion, place strategies of the product were positive and significant. Furthermore, marketing strategy (promotion, product, price, and place) were considerably independent which can stand by their own and dual predictors of business performance. Each one has its distinctive role and effect to the performance of the small businesses. This also shows the importance of the marketing strategy no matter how small the Business may be, its performance is proportionately depending and goes with the marketing strategy applied.

Abebe (2018) examined the effect of marketing mix strategy on performance of SMEs in southern region of Ethiopia. His study revealed that the relationship between marketing strategies; product, price and promotion and performance of small and medium manufacturing enterprises is positive and significant.

Bezawit et al. (2020) conducted a research on the effect of marketing strategies on the performance of private insurance companies in Ethiopia. The result had showed that there is a positive relationship between marketing strategies and performance of insurance companies in Ethiopia.

Most of the studies conducted on marketing strategies focus on business performance of companies taking into consideration of the 4Ps. However, this study aims to add to the literature on the other dimension of marketing strategies (Customer Segmentation, Customer Prioritization and Targeting, Marketing Channels, and Relationship Marketing) on sales performance in the insurance sector. The researcher believed that the existing empirical data is not adequate enough to show the role of marketing strategies on sales performance as most of the studies were conducted on other business sectors.

1.3 Research Questions

The study tried to answer the following research questions:

1. Does customer segmentation have role on sales performance?
2. Does customer prioritization and targeting have role on sales performance?
3. Does relationship marketing have role on sales performance?
4. Do sales channels have role on sales performance?

1.4 Research Objectives

1.4.1 General objective

This study is carried out to assess the role of marketing strategies on sales performance in private insurance companies located in Addis Ababa.

1.4.2 Specific objectives

1. To assess the role of customer segmentation on sales performance.
2. To assess the role of customer prioritization and targeting on sales performance.
3. To assess the role of relationship marketing on sales performance.
4. To assess the role of marketing channels on sales performance.

1.5 Significance of the study

This study will help insurance companies to assess the role of marketing strategy on sales performance.

The findings of this research will provide insight and information to insurance companies on what to consider and focus on while designing marketing strategies to increase their sales performance.

In addition, this study will add empirical finding to literature in the insurance sector about the role of marketing strategy on sales performance.

1.6 Scope of the Study

The study scope is limited to only private insurance companies that are operating in the insurance market not taking into account government owned insurance company.

The study used a quantitative research approach considering it is the appropriate method to address the research questions.

The research was carried out in Addis Ababa city, i.e. outlying branches of insurance companies are not included and the study considers only private insurance companies that are operating in the market.

1.7 Limitations of the Study

The research was conducted from the perspective of insurance companies because this questionnaire was distributed to insurance companies only.

The research design used for this study is descriptive research design. Therefore, inference or cause-and- effect relationship is not determined.

1.8 Operational Definition of Terms

Sales Performance: defined as effectiveness, referring to the evaluation of objective outcomes such as sales volume, market share, percentage of quota achieved and number of new customers added (Donald W. et.al., 1983). A second line of thought defines sales performance as “behavior that has been evaluated in terms of its contribution to the goals of the organization” (Walker et al., 1979).

Customer segmentation: Customer segmentation refers to the systematic process undertaken by a firm for the development of a highly granular customer typology that allows for the identification of individual customers within each target market. Several criteria can be employed for use in this process, including (among others) customer buying behavior, customer lifetime value, or customer profitability (Kinni, 2004; Zoltners et al., 2001).

Customer prioritization and targeting: refers to define specific customer groups and prioritize them in terms of potential importance to the firm. Once the customers groups are defined, the other sales strategy elements address how to interact successfully with each customer group (Ingram et al., 2002).

Relationship marketing: refer to the systematic activities that firms pursue in order to develop different relationship marketing to reach each customer (Chrzanowski and Leigh, 1998; De Vincentis and Rackham, 1999; Spiro et al., 2008). Relationship marketing (selling models) can range from pure transactional exchanges (in the transactional selling model) to collaborative exchanges (in the consultative selling model).

Marketing channels: A “format” for accessing a customer base. A variety of routes to market exists, such as sales forces, retailers, company-owned outlets, call centers, catalogs, and web stores. Each route is a package of different levels of service outputs, search convenience, and costs (Jindal, Reinartz, Krafft, & Hoyer, 2007)

1.9 Organization of the Study

The research is going to consist of five chapters. The first chapter will consist of the introduction and background of the study with other important detail. The second chapter will deal with the literature review consisting of a theoretical review, an empirical review of the literature, and the conceptual framework of the study. The third chapter will show how the study is going to be carried out by showing methods of the study, description, and design of the research, source of data, and methods of data analysis. The fourth chapter will show the results and discussions which summarize the findings of the study and interpret and/or discuss the findings. The last chapter of the research will comprise sections which include a summary of findings, conclusions, and recommendation.

CHAPTER TWO

LITERATURE REVIEW

2.1 Theoretical Review

2.1.1 Customer Segmentation

The term "market segmentation" refers to subdividing a market along some commonality, similarity, or kinship. Members of a market segment, in other words, have something in common. The goal of segmentation is to focus marketing energy and force on a specific subdivision (or market segment) in order to gain a competitive advantage within that segment. Market segmentation is the conceptual tool for concentrating marketing energy (or force).

Market segmentation is important because product or service buyers are not a homogeneous group. In reality, each buyer has his or her own set of needs, preferences, resources, and behaviors. Because catering to each customer's unique characteristics is nearly impossible, marketers divide customers into market segments based on variables they share. Because of these shared characteristics, it is possible to create a standardized marketing mix for all customers in this segment. (Anderson, Carol H., 2000).

Segmentation Foundations The following customer characteristics can be used to segment consumer markets.

A. Demographic Segmentation

This is the most common type of market segmentation, in which businesses focus on a specific geographical area. Corporations, for example, may decide to market their brands in some countries but not others. A brand may only be available in a single market, state, or region. Geographic segmentation can take many different forms (urban versus rural, north versus south, seacoasts versus interior, warm areas versus cold, high-humidity areas versus dry areas, high elevation versus low-elevation areas, and so on). These examples also demonstrate that geographic segmentation can be used in place of (or in addition to) other types of segmentation.

B. Behavioral Segmentation

Holidays and other events that encourage purchases Behavioral segmentation is based on actual customer behavior when it comes to products. Among the behavioral variables are: benefits sought, usage rate, brand loyalty, user status (potential, first-time, regular, etc.), and purchase readiness. Holidays and other events that encourage purchases.

C. Geographic Segmentation

This is the most common type of market segmentation, in which businesses target a specific geographical area. Corporations, for example, may decide to market their brands only in certain countries. A brand may only be sold in one market, state, or region at a time. Geographic segmentation can take many forms (urban versus rural, north versus south, seacoasts versus interior, warm areas versus cold, high-humidity areas versus dry areas, high elevation versus low elevation areas, and so on). These examples also demonstrate that geographic segmentation can be used in place of (or in addition to) other types of segmentation.

D. Psychographic or Lifestyle Segmentation.

Finally, psychographic (or lifestyle) segmentation is based on multivariate analyses of consumer attitudes, values, behaviors, emotions, perceptions, beliefs, and interests. If we can identify the appropriate segmentation variables, psychographic segmentation is a legitimate way to segment a market (or lifestyle statements, words, pictures, etc).

2.1.2 Prioritization and Targeting

According to marketing literature, customer prioritization refers to the extent to which a firm provides different and preferential treatment to selected customers regarding a firm's products, price, sales, communication, and processes (Homburg et al. 2008, 2010). A firm may treat chosen customers preferentially by offering additional services, individualized goods or services, flexibility in payment targets, or lowered prices. Firms find it profitable to address the specific needs of selected customer segments. (Bhatnagar, Maryatt, and Bejou 2007) have found that customer prioritization improves customer satisfaction and customer loyalty and consequently the performance outcomes such as average sales per customer and average customer profitability (Homburg et al. 2008).

Furthermore, benefits of prioritizing customers on the basis of a firm's products, prices, communication, or processes have been reported in marketing literature (Bhatnagar et al. 2007), yet customer prioritization is implemented inadequately by companies (Homburg et al. 2008). When firms prioritize their customers, the average satisfaction of toptier or valuable customers is influenced in a positive manner, and the average satisfaction of bottom-tier customers is not influenced negatively. Additionally, as the satisfaction of toptier customers increases, the tendency of those customers to stay in a relationship with a firm also increases.

Targeting is the next step in the sequential process, which involves a company deciding which segments to focus its resources on. The segment is actually chosen through targeting. "A group of buyers with similar needs or characteristics who the company decides to serve." Companies use target marketing to tailor their products to specific markets. Undifferentiated, concentrated, and differentiated are the three major targeting strategies. Throughout this process, the company must balance its resources and capabilities against the appeal of different segments (Kotler, P, 2007).

According to Philip Kotler, there is only one winning strategy. This is carefully determining the target market and directing a superior offering to that target market. So the target is to find out how many profitable customer segments a company can target with the budget they have allocated into key marketing activities (Kotler et al., 2020).

Therefore, companies need to evaluate the right approach that generates the most profit from the targeted segment (Blankand Dorf, 2020). Companies can use the competitiveness matrix to assess their offerings (Hunt and Arnett, 2004).

Applbaum (2005) highlights that there is no actual formula for evaluating the attractiveness of the target segment, so the selected model needs to be adequately validated. According to Markey et al. (2007), companies should consider targeting customers who are most likely to recommend a product or brand to their friends, and they call it "Target Design." The targeted segment may not be large enough to benefit itself, but the brand's potential and word-of-mouth loyalty (WOM) will make them brand ambassadors (Markey et al., 2007). For this, they also developed a tool for companies to evaluate customer matches as brand ambassadors called Net Promoter Score (NPS). Research on targeting requires sales data or previous customer data and is therefore

unreliable when accessing new markets. Calculating the profitability of existing segments and using data in new market segments with different needs are likely to fail or not be as successful as forecasts. There should be more research on the conversion rate of the target group in the segment that the company has specified.

2.1.3 Marketing Channels

Marketing channels can be defined as the set of external organizations that a firm uses to achieve its distribution objectives. Essentially, a channel is the route, path, or conduit through which products or things of value flow, as they move from the manufacturer to the ultimate user of the product (Stern et.al, 1996). The marketing channel (inter-organizational network of institutions comprised of agents, wholesalers, and retailers), by performing a variety of distribution tasks, plays a significant role in the flow of products from producers to consumers and on company profitability. Thus, manufacturers are increasingly concerned about the level of performance their channel institutions provide (Rosenbloom, 1987).

Like other areas of business, marketing channels require careful administration, as superior channel management policies and strategies help a firm attain a differential advantage but concomitantly are difficult to duplicate (Ghemawat,1986). Marketing channel management refers to the process of analyzing, planning, organizing, and controlling a firm's marketing channels (Stern et.al, 1996).

As discussed in numerous articles and textbooks, it comprises seven decision areas: (1) formulating channel strategy, (2) designing marketing channels, (3) selecting channel members, (4) motivating channel members, (5) coordinating channel strategy with channel members, (6) assessing channel member performance, and (7) managing channel conflict (Rosenbloom, 1987). All seven areas are critical to superior market performance and long-term customer loyalty (Mehta et.al, 2000).

2.1.3.1 Formulating marketing channel strategy

Channel strategy refers to the broad set of principles by which a firm seeks to achieve its distribution objectives (Rosenbloom, 1987). It focuses on devising channel tactics pertaining to issues such as the role that distribution should play in the firm's overall corporate objectives and

strategies, the role distribution should play in the firm's marketing objectives and strategies, and the congruency that exists between channel strategy and the marketing mix. Locating new markets in which the firm's products can be marketed and suggesting new technologies that can make marketing channels more efficient are examples of channel strategy decisions.

2.1.3.2 Designing marketing channels Channel

Design refers to the development of new channels or the modification of existing channel structures. (Anderson et al. 1987) that marketing channels must be aligned with the firm's overall objectives and competitive strategy. Devising the structure or "architecture" of the marketing channel system entails four key channel design dimensions: (a) number of levels in the channel, i.e., the number of intermediary levels between the manufacturer and ultimate users, (b) intensity at the various levels, i.e., the number of intermediaries at each level, (c) types of intermediaries, i.e., particular kinds of middlemen, and (d) number of channels, viz., single, dual, or multiple marketing channels. The foregoing dimensions typically produce a number of possible channel alternatives. These alternatives must be evaluated in light of an array of variables, such as served markets, product types, and germane environmental and behavioral factors. Analyzing the channel alternates can be extremely complex because several approaches and quantitative models may be utilized in identifying and then implementing the optimal channel structure (Rosenbloom, 1987).

2.1.3.3 Selecting marketing channel members

Once the marketing channel has been designed, channel members are selected to represent a firm and resell its products to final customers. Initially, prospective channel members are found and assessed for "fit." To do this, a prospective channel member's credentials (e.g., credit history, reputation, number of product lines, market coverage, and number of salespeople) need to be examined for congruency with the manufacturer's marketing objectives. Ultimately, the producer secures and converts prospects to formal channel members by offering them various motivational inducements (Stern et.al, 1996).

2.1.3.4 Motivating marketing channel members

As independent institutions, channel members are not under the direct control of the firms they represent; as a result, they do not automatically cooperate and comply with manufacturer requests. Thus, producers need to take administrative actions to secure channel intermediaries' cooperation as well as to maintain and improve channel effectiveness. So, motivating channel members plays a strategic role. In essence, a manufacturer devises various motivational programs to induce channel intermediaries to exert higher levels of effort in serving the firm's target market (Rosenbloom, 1987; Stern, 1969). Some motivational strategies commonly used by firms to induce channel member cooperation include paying higher slotting allowances, offering higher trade discounts, providing strong advertising and promotional support, training channel members' salespeople, and offering superior logistical support (Rosenbloom, 1987).

2.1.3.5. Coordinating marketing channel strategy

Marketing channels have conventionally been viewed as a network of dissimilar but interdependent institutions that have coalesced together for purposes of trade. Marketing channel scholars have long promulgated the need for coordinating and integrating channel activities with other departments of a firm. Coordination in an inter-organizational setting of marketing channels includes relaying information on new channel policies or communicating the launch of sales promotion programs to its channel members. Such efforts are undertaken to ensure that all channel participants are cognizant of the manufacturer's marketing activities with respect to channel members. Despite the differing goals of independent channel participants, coordination of the channel is necessary to reduce the redundancy of work effort and the inefficient allocation of distribution tasks among channel members (Rosenbloom, 1987).

2.1.3.6. Assessing marketing channel member performance

Channel member performance represents the degree to which the channel member engages in behavior that contributes to the fulfillment of the channel leader's objectives (Rosenbloom, 1987). As previously noted, firms have become increasingly reliant upon channel members for the efficient and effective performance of marketing functions. Moreover, the level of performance attained by channel members is pivotal for a firm's achieving a competitive advantage (Ghemawat, 1986). Thus, by assaying the performance of channel members,

manufacturers can discern how successful they have been in implementing channel strategies as well as achieving their distribution objectives.

2.1.3.7. Managing marketing channel conflict

Marketing channels can be viewed as social systems influenced by behavioral dynamics (such as channel conflict) that are associated with all social systems (Stern,1969). Conflict in marketing channels, which has been the focus of numerous channel investigations (Gaski,1984)], refers to goal-impeding behavior by one or more channel members. Thus, when one channel member takes actions that another channel participant believes will reduce its ability to achieve its objectives, conflict is present. As conflict can have an adverse effect on channel member performance (Gaski,1984) channel managers must make conscious efforts to detect and resolve it.

2.1.4 Relationship Marketing

Relationship marketing focuses on how to develop, maintain and enhance customer relationships over the customer life cycle rather than on attracting new customers (Zineldin and Philipson, 2007).In relationship marketing emphasis is on interaction between the parties in a relationship (Beetles and Harris, 2010). Relationship marketing is recommended as a strategy to overcome service intangibility and may be appropriate for "credence" services, that is, services that are difficult for customers to evaluate even after purchase and use (Crosby and Stephens, 1987).

The strength of customer relationships increases the potential for a customer to remain in the relationship and encourages cooperation between parties (Morgan & Hunt, 1994), but the success of long-term relationships is dependent upon them being embedded in a network (Achrol, 1997). Considering the function of direct salespeople, strong relationships and communication between sellers and buyers are critical as opportunities and organizational growth are built upon relationships with people in networks.

In general relationship marketing theory posits that customer behavior is based on the strength of relationships between a firm and its consumers (e.g., Dwyer et al., 1987) and is based upon dyadic interactions within a network of relationships (Achrol, 1997). For example, buyer– seller communication increases understanding (Doney and Cannon, 1997; Smith & Barclay, 1997) and generates trust (Anderson and Narus, 1990). Interpersonal communication (Metcalf et al., 1992)

between buyers and sellers allows for frequent, personalized attention thereby advancing customer relationships.

2.1.4.1 The Necessity of Relationship Marketing:

Increasing number of producers and stiffer competition in the production of goods and services caused transactional marketing approach to change and relationship marketing approach which is based on long – term relationships with customers emerged. Factors affecting on the necessity of relationship marketing are divided into three main categories: 1- Change in Competition: competitive conditions, such as entering the new competitors in the market and globalization of commerce show the necessity of implementing the relationship marketing. 2- Change in Customers: -more experienced customers with more information about products -change in customer's interests -change in purchase (switching brands or places for buying the products) 3- Change in the Environment: environmental changes led to the movement from transactional marketing towards relationship marketing. These environmental factors can be the change of rules and regulations, changes in technology and economic conditions (Rezaei and Elahi Rad, 2007).

2.1.4.2 Benefits of Relationship Marketing:

From the customer's angle, Gwinner et al. (1998) conclude that could bring the customers the following advantages: 1-confidence: reduce anxiety, faith in product or service provider, and feeling of trustworthiness of the provider. 2-social benefits: personal recognition by employees, customers being familiar with employees, the development of friendship with employees. 3-special treatment: extra services, special prices, higher priority than other customers. Relationship marketing encourages firms to develop a strategic competitive advantage by: 1. fostering intense, difficult-to-duplicate marketing relationships with key trading partners 2. Vertically integrating, even to the point of creating exclusive dealing or sole-source relationships and 3.Collaborating with competitors.

2.6. Sales Performance

Sales performance has been defined in various ways. It is typically defined as effectiveness, referring to the evaluation of objective outcomes such as sales volume, market share, percentage of quota achieved, and the number of new customers' added (Donald W. et.al., 1983). A second line of thought defines sales performance as “behavior that has been evaluated in terms of its contribution to the goals of the organization” (Walker et al., 1979).

Marketing is a major issue in business performance and innovation with significant influence on business strategy. Good marketing supports sales and expansion and contributes significantly to the growth of market share in competitive markets (Marjanova & Stojanovski, 2012). Studies have established that marketing strategies play an important role in enhancing the sales performance for instance, Taiwo et al., (2010) found that strategic marketing practices have a significant impact on performance variables and that they interact with the different components to facilitate performance.

Santos-Vijande et al., (2012) also analyzed the organizational antecedents of marketing capabilities and their impact on business performance and established that marketing capabilities exert a significant and positive effect on clients' satisfaction and loyalty, which ultimately lead to better organizational performance in terms of sales, profit, and market share.

Ardjouman & Asma (2015) also explored marketing management strategies adopted by small and medium enterprises in Cote d'Ivoire to improve their performances and established that there is a high level of awareness of the significance roles played by marketing management strategies in the performance of small and medium enterprises.

2.7 Empirical Review

Abebe Zayede(2019) on his study on “Effect of Marketing Mix Strategy on Performance of SMEs Evidence from Selected Manufacturing Enterprises in Southern Region, Ethiopia” (2018) on 250 firms showed that marketing strategy elements has significant effect on firm's performance.

Olobo, et.al, (2022) on his work on competitive strategy alignment in enhancing insurance uptake: An evaluation of life insurance products in Uganda examined the extent to which differentiation strategy, cost leadership strategy and distribution channel affect life insurance uptake in Uganda. A cross-sectional research design was used with a mixed research approach employing both qualitative and quantitative methods of data collection and analysis. A sample size of 306 used to analyze the relationship between competitive strategies and life insurance uptake, and to determine the most significant predictor variable among the independent variables respectively. Differentiation strategy, cost leadership strategy and distribution channels had a significant positive relationship with life insurance uptake.

Mokaya (2017) looked at the effect of market positioning on organizational performance in the airlines industry in Kenya; case of Kenya airways. They used the research design called explanatory design and they found the following. Within the general segmentation-targeting positioning Framework in a company and positioning plays a pivotal role in Marketing strategy, since it links market analysis, segment analysis and competitive analysis to internal corporate analysis. The measures of performance that affect market positioning strategies at the company include employee turnover, increase in assets, increase in products, increase in revenue/profitability.

On the hand, Karanja (2014) studied the effect of Marketing capabilities and distribution strategy on performance of a given organizations. The researcher used the descript to-explanatory cross-sectional survey research design. In this case, the research found out that superior Marketing capabilities and the choice of distribution strategy contributed significantly to the performance of 29 organizations. Based on the results obtained, it was established that the composite effect of Marketing capabilities and distribution strategy further enhanced the performance of organizations. From the above studies little has been done on the Factors that determining the Marketing strategies and market performance.

Ebitu (2016) did a study on marketing strategies and the performance of the enterprise in Akwa Ibom state Nigeria. The study was motivated by the fact that SME in Akwa Ibom state find themselves in a competitive environment and may not know which marketing strategy is effective in improving their business performance. The study adopted the survey method. Two hundred forty questionnaires were issued to SME in three senatorial districts of the state. The

study revealed that there is a significant impact of product quality strategy and relationship and relationship marketing strategy on profitability and increased market share of SMEs in Akwa Ibom.

Kisaka (2012) studied the relationship between marketing strategies and performance of saving and credit society in Mombasa district. The study used a descriptive research design to evaluate the effects of marketing strategies on the performance of SACCO'S. The target population constituted the chief executive office, the marketing manager, and the loan manager. A census population of 84 respondent was considered in this study. The findings of the study revealed a causal relationship between marketing strategy and performance of SACCO's. Most of these organizations pursue strategies like product differentiation, niche marketing as they continue to be perceived the cheapest in the market in terms of cost.

Obaji (2011) on his study effects of channels of distribution in a selected Nigerian manufacturing company as it affects sales of its product. The findings revealed that the involvement of channels of distribution affects sales of product and that consumers prefer to buy from intermediaries than from producer channels. Based on the underlying assumption, the following were recommended for the study; that the channel members should influence several vital decisions such as customer service, delivery, and maintain inventory control and the company should give adequate promotional support to the intermediaries, improve on delivery terms and also evaluate channel members regularly.

Kiprotich (2012) did a study on the effects of 4ps marketing mix on the sales performance of automotive fuels of selected service stations in Nakuru town. The research employed the research design called questionnaire design. The 4p's significantly influencing oil marketer's performance. Each of the elements, however, carries a unique contribution to the sales performance of automotive fuels in the selected stations in Nakuru town.

Chumaidiyah (2013) conducted a study to examine the impact of each element of the marketing mix elements (7P - product, price, promotion, place, people, physical evidence, and process) to the marketing performance in telecommunication service companies in Indonesia.

The study found that Product, promotion, and people are three most important elements from the 7Ps in the marketing mix which influence to marketing performance in telecommunication service companies.

The study also discovered that although Price, place, physical evidence, and process are elements in the marketing mix strategy which do not partially influence the marketing performance. However, telecommunication service companies need to keep and maintain the four in the marketing mix strategy in order to strengthen the positioning of the companies.

Pourhosseini and Shahrokh (2013) perform a study to identify performance implications of marketing strategy and moderating effects of transformational leadership, demand uncertainty and competitive intensity on sales performance entailing sales and marketing managers of companies in food industries that are members of Tehran stock exchange.

Strategies being classified into three hierarchical levels: corporate, business and functional level strategies, the research investigated the relationships between marketing strategy and sales performance. And one of the finding of the study is that marketing strategy has an important factor in shaping and influencing the sales performance. The results showed that marketing strategy has major influence on sales performance.

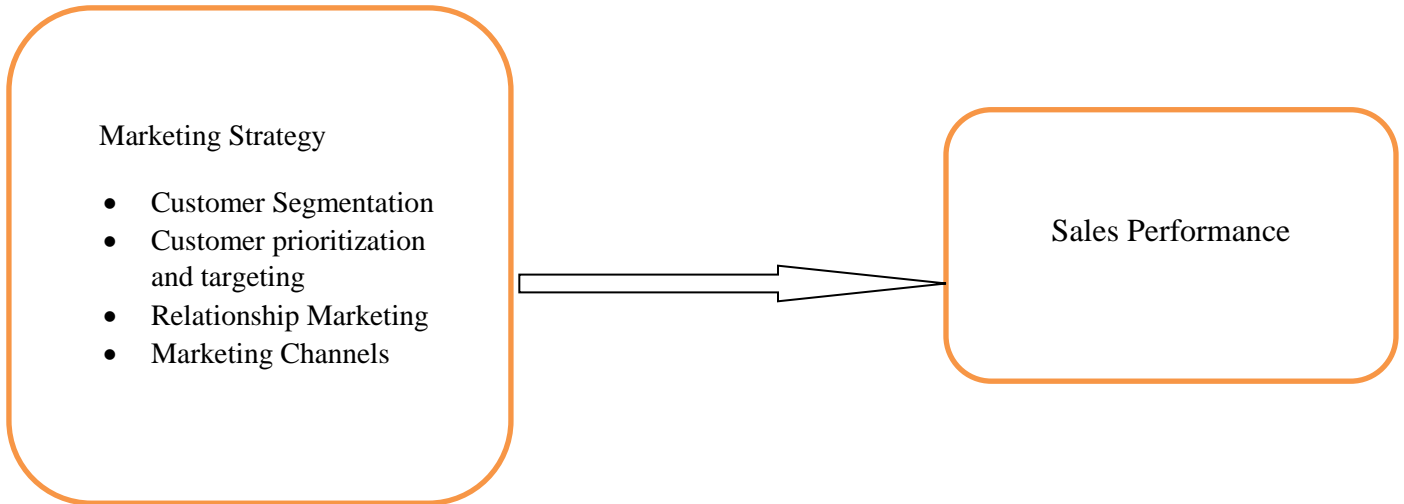
Abdelhady, Fayed & Fawzy (2019) conducted a study with the objective of investigating the influence of marketing mix elements (4Ps) for airlines on passengers' purchasing decision-making. With the help of questionnaire, the research participated a sample of 600 air passengers. Although, the results showed a significant negative relationship between price and passengers' purchasing decision-making, it also indicates that there is a significant positive relationship between the three elements of marketing mix, product, promotion and place, and passengers' purchasing decision-making. Furthermore, we can conclude that positive impact of customer's purchase decision-making will also have positive effect on sales performance.

Srinivasan and Lisanu (2018) conducted a study with the objective of examining the effects of each marketing mix elements (Product, Price, Promotion and Place) on sales performance of MSEs in Merab Abaya town, Gomo region, Ethiopia.

The study found that the price and promotion had only positive effect on sales performance. Whereas place and product had a significant and positive effect on sales performance. Therefore, the study has been identified that, among the four marketing mix strategies the product and place Strategies were played key role in enhancement of sales performance of the MSEs.

2.5 Conceptual Frame Work

Independent Variable Dependent Variable



Source: - Nikolas G. Panagopoulos, George J. Avlonitis (2009)

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter presents the methodology followed by the researcher. Particularly, the study area, the research design utilized the target population and sampling technique used, the research approach followed in collecting data and the statistical techniques used in analyzing the collected data has been presented

Research designs are plans and the procedures for research that span the decisions from broad assumptions to detailed methods of data collection and analysis. The overall decision involves which design should be used to study a topic (Creswell, 2009).

3.1 Description of the study area

The study area of this research is private insurance companies that are found in Addis Ababa. There are currently 18 insurance companies operating in the market, out of these 18 insurance companies 17 are private insurance companies.

3.2 Research Design and Approach

3.2.1 Research Design

According to Kothari (2004) a research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. In fact, the research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data. As such the design includes an outline of what the researcher will do from writing the hypothesis and its operational implications to the final analysis of data.

The research design adopted for this study is descriptive research design. According to Kothari (2004) descriptive research is a type of research design that focuses on describing the characteristics of a particular individual, group, or situation. It does not involve manipulating variables or establishing cause and effect relationship. Instead, it aims to provide a detailed and accurate portrayal of the subjects being studied.

3.2.2 Research Approach

Kothari (2004) explains that there are two basic approaches to research, quantitative and qualitative approach. A quantitative technique is a process of collecting and analyzing numerical data. It can be used to find patterns and averages, make predictions, test causal relationships, and generalize results to wider populations (Pritha Bhandari, 2020).

Qualitative approach on the other hand, is concerned with the subjective assessment of attitudes, views and behavior(Kothari, 2004). The study followed the quantitative approach by conducting a cross sectional field survey and collecting data through questionnaires from a sample of participants, taking into account research problems and objectives.

3.3 Data Sources

In this research primary data was used. Primary data are information gathering methods that are conducted by the researcher for the first time. Survey was conducted to collect the primary data. Survey is a popular and common strategy in business and management research and is most frequently used to answer who, what, where, how much and how many questions. Surveys are popular as they allow the collection of a large amount of data from a sizeable population in a highly economical way. Often obtained by using a questionnaire administered to a sample, these data are standardized, allowing easy comparison. In addition, the survey strategy is perceived as authoritative by people in general and is both comparatively easy to explain and to understand (Saunders, Lewis and Thornhill, 2007).

3.3.1 Data Gathering Instruments –Tools

One of the major tools employed to collect data from its source are through using structured questionnaires. Structured questionnaires are those questionnaires in which there are definite, concrete and pre-determined questions. The questions are presented with exactly the same wording and in the same order to all respondents. Resort is taken to this sort of standard to ensure that all respondents reply to the same set of questions (C.R. Kothari, 1990).

For this research a pre validated questioner was used as data collection tool.

3.4 Sampling

Sampling refers to the process whereby we study a "few" in order to learn about the "many." The success we have with this plan depends on how good a job we do at selecting a sample that

accurately represents the larger group. Samples that do a good job at conveying accurate information about the whole are referred to as representative samples. Representative samples allow the researcher to take the information obtained from the small sample and generalize it back to the entire population (Teferi, et al., 2005).

3.4.1. Population

According to Creswell, (2009) population is a group who have the same characteristic(s). Kothari (2004) suggests that a population is an entire group of individuals or items that the researcher is interested in studying and the researcher intends to draw a conclusion.

Table 3.1 Overview of Ethiopian insurance companies by branches

Name of Insurance Company	Total Number of Branches including contact offices	Branches In Addis Ababa Including contact offices	Outlying Branches including contact offices	Marketing/Sells managers/heads	Total
Abay Insurance S.C	37	22	15	1	38
Africa Insurance Company S.co	36	21	15	1	37
Awash Insurance Company S.C	67	37	30	1	68
Berhan Insurance Company	30	18	12	1	31
Buuna Insurance S.C	35	22	13	1	36
Ethio-Life and General Insurance S.C	29	23	6	1	30
Global Insurance Company S.C	21	14	7	1	22
Lion Insurance	45	21	24	1	46

Company S.C					
Lucy Insurance S.C	25	19	6	1	26
Nib Insurance Company S.Co	43	29	14	1	44
National Insurance Company of Ethiopia S.C	50	27	23	1	51
Nile Insurance Company S.C	64	37	27	1	65
Nyala Insurance Company S.Co	43	18	25	1	44
Oromia Insurance Company S.C	63	31	32	1	64
Tsehay Insurance S.C	36	26	10	1	37
The United Insurance S.C	59	37	22	1	60
Zemen Insurance S.C	25	21	4	1	26
Total	706	423	283	17	723

Source: Insurance companies website

3.4.2 Sample Size

Kothari (2004) defines a sample size as the number of items to be selected from the universe to constitute a sample. He emphasized that the sample size should be optimum, meaning it should be neither excessively large nor too small, but appropriate for the goals of the research. The sample size should also meet the requirements of efficiency, representativeness, reliability and flexibility.

3.4.3 Sampling Technique

According to Kothari (2004) there are basically two types of sampling techniques: probability and non-probability sampling. Probability sampling also known as ‘random sampling’ or ‘chance sampling’ gives every item of the universe an equal chance of inclusion in the sample. However,

in non-probability sampling, every item in the universe doesn't have an equal chance of being included in the sample. The researcher deliberately selects the sampling items for the sample (Kothari, 2004).

The study employed both probability and non-probability sampling technique. Stratified sampling technique was employed taking each insurance company as a stratum and total number of sample for each stratum is calculated as percentage of proportion against population. Based on the proportion calculated, total number of sample drawn from each stratum is determined.

Those who are included in the sample size were city branch managers of the insurance companies and marketing or sells department managers/heads. The reason why branch managers and marketing or sells department managers/heads are selected is that they are directly involved in day to day sales activities of their respective companies and know the status of their company sale performance compared to the insurance industry they are taking part. Therefore, Purposive sampling was made to reach out to this respondents.

If a sample is taken from a population, a formula must be used to take into account confidence levels and margins of error. Slovin's (1960) Formula provides the sample size (n) using the known population size (N) and the acceptable error value (e).

Fill the N and e values into the formula $n=N \div (1+Ne^2)$. The resulting value of n equals the sample size to be used (Stephanie, 2018).

The population size which is N for this research is 440 and taking the acceptable error value (e) to be equal to 0.05 we will get 209 to be the sample size.

$$\begin{aligned} \text{Thus, } n &= N \div (1 + Ne^2) \\ &= 440 / (1 + 440 (0.05)^2) \\ &= 440 / (2.1) = 209.52 \end{aligned}$$

The Population for this study consists of all branches of private insurance companies with their marketing department or sells heads. The total population and sample is shown in the table below.

Table 3.2 population and Sample Size

Name of Insurance Company	Branches In Addis Ababa Including contact offices	Marketing/Sells managers/heads	Total	Sample
Abay Insurance S.C	22	1	23	10
Africa Insurance Company S.co	21	1	22	10
Awash Insurance Company S.C	37	1	38	19
Berhan Insurance Company	18	1	19	9
Bunna Insurance S.C	22	1	23	10
Ethio-Life and General Insurance S.C	23	1	24	12
Global Insurance Company S.C	14	1	15	8
Lion Insurance Company S.C	21	1	22	10
Lucy Insurance S.C	19	1	20	9
Nib Insurance Company S.Co	29	1	30	14
National Insurance Company of Ethiopia S.C	27	1	28	13
Nile Insurance Company S.C	37	1	38	19
Nyala Insurance Company S.Co	18	1	19	9
Oromia Insurance Company S.C	31	1	32	16
Tsehay Insurance S.C	26	1	27	12
The United Insurance S.C	37	1	38	19
Zemen Insurance S.C	21	1	22	10
	423	17	440	209
Total Number of sample size			440	209

3.5 Data Analysis Procedure / Tools

Analysis means the computation of certain indices or measures along with searching for patterns of relationship that exist among the data groups. Analysis, particularly in case of survey or experimental data, involves estimating the values of unknown parameters of the population and testing of hypotheses for drawing inferences. Analysis may, therefore, be categorized as

descriptive analysis and inferential analysis (Inferential analysis is often known as statistical analysis) (Kothari, 2004).

Data analysis is a multi-level stage process of cleaning, converting, and modeling data to find out useful information. The purpose of data analysis is to mine valuable information from data and taking the decision based upon the data analysis.

The data supplied by the questionnaires were analyzed using descriptive statistics. The data collected from questionnaires is systematically organized in a manner to facilitate the analysis. The data were analyzed using Statistical Package for Social Sciences (SPSS) and summarized to relate the collected variables from questionnaires. The data were also classified, tabulated, and summarized using descriptive measures such as; mean, standard deviation, and percentages.

Measurement of Constructs

This study is made to assess the role of marketing strategy on sales performance. Quantitative data was gathered through structured questionnaire.

For Market strategy seven-point scale anchored by 1 “Not at all” to 7 “To a great extent”; measures developed by Panagopoulos and Avlonitis (2009), was used.

Sales performance was measured on a seven-point scale anchored by 1 “Needs Improvement” to 7 “Exceptional Performance” which is adapted from Babakus et al., 1996;

3.7 Validity

The validity test help researchers measure the ability of the instrument to be deployed in a given study in measuring what is supposed to measure (Kothari, 2004). In order to assure the validity of the instrument in this study the research has been developed based on previous studies and review of related literature and standard questions in the related research area.

3.8 Reliability

Cronbach’s alpha reliability coefficient normally ranges between 0 and 1. When the Cronbach’s alpha coefficient is closer to 1.0 the internal consistency of the items in the scale increases. The lower alpha coefficient is an indicator of weak inter-item average correlation or the items are providing inconsistent and unstable results.

According to George and Mallery (2003), the generally accepted practice is given as “alpha coefficients that are greater than 0.9 are Excellent, and greater than 0.8, 0.7, 0.6 is good,

acceptable and questionable respectively. Value less than 0.5 is unacceptable” (Gliem.J and Gliem.R, 2003).

In this study the dependent variable (sales performance) and the independent variables (Market strategy) are constructed using a questionnaire. Hence, internal consistency is checked using Cronbach’s alpha.

The dependent variable is represented by four items while the independent variables are represented by twenty seven items in four major groups. The groups of independent variable include customer segmentation (six items), customer prioritization and targeting (four items) marketing relationship (four items) and sales channel (thirteen items). For each item of dependent and independent variables, Cronbach alpha test of construct reliability is made and summary of the test result is presented in the table below.

As shown in table 3.3, each construct item found to have a Cronbach alpha greater than the threshold level of 0.7 confirming reliability of the questionnaire items used in collecting the data.

Table 3.3 Instrument Reliability

Constructs	Cronbach's Alpha Value	No. of Items
Customer Segmentation	0.842	6
Customer prioritization and targeting	0.769	4
Marketing Relationship	0.845	4
Marketing channels	0.906	13
Sales Performance	0.903	4

Source: Own Survey Data Output (2024)

3.9 Ethical Consideration

The information that was collected for this research entirely depends on the voluntary participation of the respondents and all the information from the respondents are confidential. Respondents were informed about the aim of the research clearly. Identity and other personal related information were not written on the questionnaire instead the code was given to them. The responses for questionnaire are not exposed to third party and the information acquired is used only for academic purpose.

CHAPTER FOUR

RESULTS AND DISCUSSION

The purpose of this chapter is to assess and understand the data that had been collected and summarized. In this study assessment of marketing strategies on sales performance was investigated. The presentation, interpretation and discussion of the data obtained from questionnaires used were analyzed by descriptive measure.

4.1 Response Rate

A total of 209 questioners were distributed to private insurance companies branch managers and marketing managers or sales head. As shown in table 4.1 below, out of the total distributed questionnaire, 188 respondents properly filled and returned the questionnaire which resulted in 89.95percent response rate.

Table 4.1 Response Rate

Questionnaire Distributed	Questionnaire Returned	Percentage
209	188	89.95

Source: Own Survey Data Output (2024)

4.2 Respondents Demographic Characteristics

Table 4.2 Demographic profile

Variable	Category	Frequency	Percent
Sex	Male	125	66.5
	Female	63	33.5
Total		188	100.0
Age	18-25 years	26	13.8
	26-35 years	96	51.1
	36-45 years	51	27.1
	Above 45 years	15	8.0
Total		188	100.0
Education	First Degree	88	46.8
	Second Degree & above	100	53.2
Total		188	100.0

Year of Service	Less than 1 year	2	1.1
	1 to 5 years	92	48.9
	5 to 10 years	71	37.8
	Above 10 years	23	12.2
Total		188	100.0

Source: Own Survey Data Output (2024)

Out of the collected 188 questionnaires, regarding sex demography, 125 participants were male which is 66.5% of the total sex demography, whereas 63 participants were female which 33.5 % of the total sex demography. This shows that the majority of the respondents are male.

The majorities of the respondents are represented by the age group between 26-35 years which are 96 in number and 51.1% out of total respondents. The second majority of the age group was represented by the age group between 36-45 years which consists of 51 respondents in number and represents 27.1% out of the total respondents. 26 respondents are between the age group of 18-25 years which is 13.8% out of the total respondents and 15 respondents are between the age group of above 45 years which is 8.0% out of the total respondents. This might show the majority of the employees are matured.

Second-degree and above holders respondents are 100 in number and constitute 53.2%. 88 respondents are first-degree holders which is 46.8% out of the total respondents. This might indicate insurance companies are good in recruiting employees who have knowledge to execute their activities.

92 respondents gave service in their current company between 1 to 5 years and this represents 48.9% out of total respondents. The second majority of respondents which are 71 for year of service worked between 5 to 10 years in their company and held 37.8% of the total respondents. 23 respondents gave service in their current company above ten years which is 12.2% out of the total respondents and 2 employees served in their current company less than one year which is 1.1% out of the total respondents. This might indicate insurance companies' employees range from those who have great experience to new ones.

In order to explore the perception of the respondents on every variable according to the response of the study, means and standard deviation for the independent and dependent variables were

calculated. To make the interpretation easy and clear (Allen et.al, 2007) mean score interpretation was used. Mean score between 1.0 to 1.9 describes strongly disagree, from 2.0 to 2.99 describes disagree, from 3.0 to 3.9 slightly disagree, from 4.0 to 4.9 neutral, from 5.0 to 5.9 slightly agree, from 6.0 to 6.9 agree, 7.0 to describes strongly agree

4.1 Customer Segmentation

Customer segmentation was presented in six questions for respondents to address the research question in which to assess its role on sales performance. The response obtained from participants of the study regarding customer segmentation is presented in the table below. Therefore, the responses in this study is based on this statement.

NA=Not at All, TVSE=To a Very Small Extent, TSE=To a Small Extent, TME=To a Moderate Extent, TCE=To a Considerable Extent, TGE=To a Great Extent and TVGE=To a Very Great Extent

Table 4.3 Customer Segmentation

No.	Customer Segmentation	NA		TVSE		TSE		TME		TCE		TGE		TVGE		Mean	SD
		F	P	F	P	F	P	F	P	F	P	F	P	F	P		
1	Specific customer groups are identified based on the expected life time value/ profitability of each customer for our firm	16	8.5%	18	9.6%	21	11.2%	21	11.2%	39	20.7%	39	20.7%	34	18.1%	4.61	1.89
2	Specific customer groups are identified based on their demographic characteristics (e.g size, location, industry)	14	7.4%	12	6.4%	27	14.4%	28	14.9%	23	12.2%	43	22.9%	41	21.8%	4.74	1.88
3	Specific customer groups are identified based on their buying behaviour	19	10.1%	14	7.4%	20	10.6%	10	5.3%	48	25.5%	33	17.6%	44	23.4%	4.75	1.96
4	Specific customer groups are identified based on the customers uses/application of our goods/services	16	8.5%	16	8.5%	17	9.0%	18	9.6%	33	17.6%	38	20.2%	50	26.6%	4.86	1.96
5	Specific customer groups are identified based on the benefits that they expect from buying our goods/services	18	9.6%	14	7.4%	32	17.0%	19	10.1%	38	20.2%	31	16.5%	36	19.1%	4.50	1.92
6	Specific customer groups are identified based on the value that they expect from buying our goods/services	20	10.6%	17	9.0%	26	13.8%	12	6.4%	30	16.0%	43	22.9%	40	21.3%	4.62	2.02

As shown in the above table it was observed that most of the respondents (39 respondents or 20.7%) agreed that specific customer groups are identified based on the expected life time value/ profitability of each customer for their firm to a great extent.

When looking at the response for the question to what extent specific customer groups are identified based on their demographic characteristics (e.g. size, location, industry) majority of the respondents (22.9% or 43 respondents) replied that customer groups are identified based on demographic characteristics in their companies to a great extent.

In addition, when respondents were asked to what extent specific customer groups were identified based on their buying behavior 25.5% of the respondents answered that customer groups were identified based on their buying behavior to a considerable extent.

On the above table question number 4, respondents were asked to what extent specific customer groups are identified based on the customer's uses/application of their service. Looking at the specific response of respondents; 50 respondents (26.6%) responded that customers are identified to a very great extent, 38 of them (20.2%) to great extent and 33 respondents (17.6%) to considerable extent.

Regarding question number 5, where respondents answered the question to what extent specific customer groups are identified based on the benefits that they expect from buying their services 36 respondents (19.1%) responded that to a very great extent customers respond to the benefit they expect buying services. .Therefore, in most insurance companies' specific customer groups are identified based on the benefits they expect from buying services from the insurance companies to a considerable extent.

As per the information from table above in relation to question number 6, 43 respondents or 22.9% of the total respondents replied that specific customer groups are identified based on the value that they expect from buying insurance services to a great extent.

From the above table mean value result from question one to six is represented (4.61, 4.74, 4.75, .86, 4.50 and 4.62) it can be concluded that most of the respondents on average leaned some towards favourable side of the scale (Allen et.al, 2007). Therefore, in most insurance companies' specific customer groups are identified based on different factors such as expected life time value/ profitability of each customer for the company, demographic characteristics (e.g size, location, industry), buying behaviour the customers use the services of the insurance companies, benefits that they expect from buying services and the value that they expect from buying services from the insurance companies.

4.2 Relationship Marketing

Relationship marketing was presented in four questions for respondents to address the research question in which to assess it's the role on sales performance. The response obtained from participants of the study regarding relationship marketing is presented in the table below. Therefore, the responses in this study is based on this statement.

NA=Not at All, TVSE=To a Very Small Extent, TSE=To a Small Extent, TME=To a Moderate Extent, TCE=To a Considerable Extent, TGE=To a Great Extent and TVGE=To a Very Great Extent

Table 4.4 Relationship Marketing

No	Relationship Marketing	NA		TVSE		TSE		TME		TCE		TGE		TVGE		Mean	SD
		F	P	F	P	F	P	F	P	F	P	F	P	F	P		
1	Different Relationship Marketing is set for different customers	13	6.9%	20	10.6%	34	18.1%	16	8.5%	41	21.8%	39	20.7%	25	13.3%	4.43	1.8
2	Different selling models is set for selling to different customers	16	8.5%	30	16.0%	16	8.5%	28	14.9%	46	24.5%	25	13.3%	27	14.4%	4.55	1.9
3	Customers preference is considered when Relationship Marketing is developed for customer	17	9.0%	37	19.7%	36	19.1%	18	9.6%	21	11.2%	39	20.7%	20	10.6%	3.99	1.9
4	Cost and value associated with a customer is considered when Relationship Marketing is developed	32	17.0%	20	10.6%	35	18.6%	19	10.1%	20	10.6%	28	14.9%	34	18.1%	4.04	2.1

Table 4.4 above shows the response obtained from participants of the study regarding question raised about relationship marketing. As it can be seen from the table, majority of the respondents (41 respondents or 21.8%) somewhat agreed that their company set different relationship marketing

Based on question number 2 from the above table majority of the respondents responded that different selling models is employed for selling to different customers to a larger extent where 24.5%, 13.3% and 14.4% of respondents replied that it is employed to a considerable extent, to a great extent and to a very great extent, respectively.

Regarding question number three, 39 of the respondents responded that customer's preference is considered when relationship marketing is developed for a customer to a great extent.

According to the above table for the fourth question respondents were asked to what extent the cost and value associated with a customer is considered when relationship marketing is developed for a customer and most of them (35 respondents) replied that it is applied to a small extent.

Concerning relationship marketing, on average the mean value for all questions is 4.25 where the respondents' answer can be interpreted as a slightly positive response since 4 is the neutral mid-point. On average the respondents leaned just a bit towards a favourable side (Allen et al., 2007). It can be concluded that in majority of insurance companies' different relationship marketing is set for different customers. In addition, when relationship marketing is set for a customer the customer's preference and cost and value associated with a customer is taken into account by most of them.

4.3 Customer Prioritization and Targeting

Customer prioritization and targeting was presented in four questions for respondents to address the research question in which to assess its role on sales performance. The response obtained from participants of the study regarding customer prioritization and targeting is presented in the table below. Therefore, the responses in this study are based on this statement.

NA=Not at All, TVSE=To a Very Small Extent, TSE=To a Small Extent, TME=To a Moderate Extent, TCE=To a Considerable Extent, TGE=To a Great Extent and TVGE=To a Very Great Extent

Table 4.5 Customer Prioritization and Targeting

No.	Customer Prioritization and Targeting	NA		TVSE		TSE		TME		TCE		TGE		TVGE		Mean	SD
		F	P	F	P	F	P	F	P	F	P	F	P	F	P		
1	Customers are prioritized based on their expected importance for our firm	14	7.4%	18	9.6%	38	20.2%	12	6.4%	39	20.7%	27	14.4%	40	21.3%	4.52	1.93
2	Our selling effort is targeted to different customers	31	16.5%	11	5.9%	27	14.4%	16	8.5%	41	21.8%	38	20.2%	24	12.8%	4.25	2.00
3	Specific selling strategies are developed for each targeted customer	18	9.6%	17	9.0%	40	21.3%	10	5.3%	35	18.6%	42	22.3%	26	13.8%	4.37	1.91
4	There is more than one sales force, which are targeted at different customer groups	13	6.9%	40	21.3%	24	12.8%	14	7.4%	16	8.5%	44	23.4%	37	19.7%	4.38	2.07

As per the information from above table question number 1, respondents were asked to what extent customers are prioritized based on their expected importance for their firm. Majority of respondents or 56.4% agreed.

Concerning question number two, respondents were asked to what extent their selling effort is targeted to different customers and 21.8% of them responded that the companies' selling effort is directed to diverse customers to a considerable extent. In addition, 16.5% of respondents replied that it is applied not at all, 5.9% to a very small extent, 14.4% to a small extent and 8.5% to a moderate extent.

Question number three deals with to what extent specific selling strategies are developed for each targeted customer. Most of respondents (22.3%) agreed that specific selling strategies are developed for each targeted customers to a great extent.

In question four respondents were asked to what extent more than one sales force is used, which are targeted at different customer groups. The response showed that 6.9% of participants responded that it is not used at all, 21.3%, 12.8%, 7.4%, 8.5%, 23.4% and 19.7%, they are used to a very small extent, to a small extent, to a moderate extent, to a considerable extent, to a great extent and to a very great extent, respectively.

From the above table it was observed on average the mean value for all questions is 4.38 where it the respondents answer can be interpreted as a slightly positive response since 4 is the neutral mid- point on average the respondents leaned just a bit towards a favourable side (Allen et.al, 2007).

Therefore, most insurance companies prioritize and target customers based on their expected importance for them, their selling effort is targeted to different customers with regard to customer prioritization and targeting. Moreover, particular selling strategies are developed for each targeted customer and there is more than one sales force in the companies, which are targeted at different customer groups.

4.4 Marketing Channels

Marketing channels was presented in thirteen questions for respondents to address the research question in which to assess it's the role on sales performance. The response obtained from participants of the study regarding marketing channels is presented in the table below. Therefore, the responses in this study is based on this statement.

NA=Not at All, TVSE=To a Very Small Extent, TSE=To a Small Extent, TME=To a Moderate Extent, TCE=To a Considerable Extent, TGE=To a Great Extent and TVSE=To a Very Great Extent

Table 4.6 Marketing Channel

No	Marketing Channels	NA		TVSE		TSE		TME		TCE		TGE		TVGE		Mean	SD
		F	P	F	P	F	P	F	P	F	P	F	P	F	P		
1	Company-owned field sales force to reach our customers	21	11.2%	33	17.6%	26	13.8%	24	12.8%	28	14.9%	23	12.2%	33	17.6%	4.10	2.02
2	Sales representative is used to reach your customers	25	13.3%	21	11.2%	31	16.5%	22	11.7%	27	14.4%	36	19.1%	26	13.8%	4.15	1.99
3	Company-owned inside sales force to reach your customers	17	9.0%	15	8.0%	27	14.4%	19	10.1%	34	18.1%	39	20.7%	37	19.7%	4.61	1.92
4	Direct mail is used to reach your customers	19	10.1%	17	9.0%	24	12.8%	21	11.2%	37	19.7%	29	15.4%	41	21.8%	4.55	1.97
5	Web is used to reach your customer	12	6.4%	18	9.6%	20	10.6%	27	14.4%	25	13.3%	50	26.6%	36	19.1%	4.75	1.85
6	Email is used to reach your customer	20	10.6%	25	13.0%	18	9.6%	29	15.4%	29	15.4%	43	22.9%	24	12.8%	4.31	1.93
7	Trade shows are used to reach your customers	24	12.8%	20	10.6%	34	18.1%	29	15.4%	32	17.0%	21	11.2%	28	14.9%	4.06	1.93
8	Industry press/ publications are used to reach your customers	11	5.9%	16	8.5%	26	13.8%	23	12.2%	29	15.4%	46	24.5%	37	19.7%	4.75	1.83
9	Conferences/conventions are used to reach your customers	20	10.6%	22	11.7%	32	17.0%	12	12.8%	22	11.7%	39	20.7%	41	21.8%	4.46	2.08
10	Customers are provided with a toll-free number for customer service/support	26	13.8%	20	10.6%	27	14.4%	16	8.5%	37	19.7%	36	19.1%	26	13.8%	4.22	2.00
11	Customer's service/support through your website (e.g FAQs) is available	20	10.6%	34	18.1%	11	5.9%	17	9.0%	22	11.7%	40	21.3%	44	23.4%	4.51	2.14
12	You employ a technical support team (except the field sales force)	28	14.9%	44	11.7%	22	11.7%	17	9.0%	20	10.6%	32	17.0%	25	13.3%	3.81	2.09
13	You employ a customer service/care team (except the field sales force)	26	13.8%	18	9.6%	14	7.4%	13	6.9%	28	14.9%	42	22.3%	47	25.0%	4.66	2.14

The above table shows respondents reply on the questions on marketing channel. In the first question, respondents were asked if a company-owned sales force is employed by them to reach their customers and same number of respondents (33 respondents) replied that company-owned sales force is used by the insurance companies to a very small extent and to a very great extent. However, the mean value of 4.1 lies above the average point of a seven point Likert scale which shows that in most insurance companies' sales forces employed by them is used to a

considerable extent. The second question assessed whether manufacturer's sales representative is used to reach insurance companies of customers. Most of respondents replied that this type of sales channel is used by the companies to a great extent.

According to the table above a company owned inside sales force is used to a great extent by most insurance companies to reach their customers as evidenced by mean score of 4.61 and standard deviation of 1.92.

In questions four, five and six respondents were asked to what extent they use direct mail, web and email to reach their customers. They responded that direct mail is used to a very great extent (41 respondents or 21.8%), web is used to a great extent (50 respondents or 26.6%) and email is used to a great extent (43 respondents or 22.9%).

As shown in above table question number seven to nine respondents were requested which sales channel they relied on mostly to reach their customers. Regarding trade shows, majority of participants (34 or 18.1%) responded that they rely on trade shows to a considerable extent to reach their customers. Larger number of respondents (46 respondents or 24.5%) answered that they depend on industry press/publications to a very great extent. Concerning concerns/conventions, majority of participants responded that they rely on this channel to a very great extent (41 respondents or 21.8%).

In question number 10 respondents were asked to what extent their customers are provided a toll-free number for customer service/support and 37 respondents (19.7%) replied that this channel is used to a considerable extent by them. The mean score for this question according to the table is 4.22 which is above the average point of seven point Likert scale. Question number 11 asked respondents to what extent their customers are provided service/support through their website and greater number of respondents (23.4%) responded that customers are provided service/support through their website to a very great extent.

In question 11 and 12 respondents were asked their degree of employment of technical support team and customer service/care team and the mean score of the respective question is 3.81 and 4.66. For the technical support team majority of respondents (23.4%) responded that technical

support team is employed by them to a very small extent. However, customer service team is employed by the insurance companies to a very great extent evidenced by response rate of 25% of the total respondents.

The mean value result for marketing channels on average is 4.38 and it can be concluded that most of the respondents on average leaned some towards favourable side of the scale (Allen et.al, 2007). Therefore, according to the respondents insurance companies’ use different marketing channels to communicate with their customers.

4.5 Sales Performance

Sales performance was presented in four questions for respondents. The response obtained from participants of the study regarding sales performance is presented in the table below. The responses are collected using seven point Likert scale questions where NSI= Needs Significant Improvement, NI= Needs Improvement, BE=Below Expectation, ME=Meets Expectation, EE=Exceeds Expectation, OP=Outstanding Performance and EP=Exceptional Performance.

Table 4.7 Sales Performance

Sales Performance	NSI		NI		BE		ME		EE		OP		EP		Mean	SD
	F	P	F	P	F	P	F	P	F	P	F	P	F	P		
Sales growth compared to your major competitor.	19	10.1%	37	19.7%	16	8.5%	15	8.0%	21	11.2%	41	21.8%	39	20.7%	4.39	2.12
Market share compared to your major competitor.	24	12.8%	36	19.1%	14	7.4%	25	13.3%	29	15.4%	28	14.9%	32	17.0%	4.12	2.07
Sales volume compared to sales unit objectives.	17	9.0%	22	11.7%	21	11.2%	13	6.9%	26	13.8%	54	28.7%	35	18.6%	4.65	1.99
Market share compared to sales unit objectives.	25	13.3%	26	13.8%	18	9.6%	20	10.6%	23	12.2%	37	19.7%	39	20.7%	4.37	2.12

As per the information from the above table, in question 1 respondents were asked about the sales growth as compared with their major competitor and most of them replied that the sales

growth as compared to their major competitor recorded an outstanding performance. In question number two respondents were asked about their market share as compared to their major competitor and they responded that their company has exceptional performance.

According to the table above question number three and four deals with the sales volume and market share of the companies as compared to sales unit objectives. Most respondents (28.7%) replied that the sales volume as compared to sales unit objective recorded an outstanding performance. Regarding market share majority of respondents (20.7%) responded that market share compared to sales unit objectives recorded exceptional performance.

With regard to sales performance, on average the mean value for all questions is 4.38 where the respondents answer can be interpreted as a slightly positive response since 4 is the neutral midpoint on average the respondents leaned just a bit towards a favourable side (Allen et.al, 2007). It can be concluded that the respondents believe that they have enough sales growth and market share compared to other industry players.

Correlation Analysis

Correlation is intended to investigate the degree of correlation between two variables dependent and independent, in relation to one another. To quantify the degree of correlation between these variables, a correlation coefficient shall be applied (Senthilnathan, 2019). Covariance allows the correlation coefficient to take a number with a positive or negative sign (Riemann et.al, 2011).

According to Gogtay and Thatte (2017), basically, the correlation R coefficient would be between -1 and + 1, i.e., $-1 \leq R \leq +1$. Senthilnathan(2019) put an optimal range of correlation coefficients to be interpreted. A very weak or negligible correlation ranges between $-0.20 \geq R \leq +0.20$, a weak correlation, but to be considered ranges between $-0.20 > R > -0.35$ $+0.20 < R < +0.35$, a fair or moderate correlation ranges between $-0.35 \geq R > -0.50$ $+0.35 \leq R < +0.50$, a strongly considerable high correlation ranges between $-0.50 \geq R > -0.70$ $+0.50 \leq R < +0.70$ and a very strongly considerable correlation ranges between $-0.70 \geq R > -1.00$ $+0.70 \leq R < +1.00$

In 1877, the correlation coefficient was first established by Galton and later developed by Pearson. Linear relationships between two randomly selected variables are measured using this

method. (Zou. H.y, Tuncali, and Silverman. G, 2003). To evaluate the relationship of individual variables and dependent variables, a Pearson correlation is applied.

Table 4.8 Correlation analysis result

		Correlations				
		Customer Segmentation	Customer Prioritization and Targeting	Relationship Marketing	Marketing Channels	Sales performance
Customer Segmentation	Pearson Correlation	1				
	Sig. (2-tailed)					
Customer Prioritization and Targeting	Pearson Correlation	.197**	1			
	Sig. (2-tailed)	.007				
Relationship Marketing	Pearson Correlation	.563**	.231**	1		
	Sig. (2-tailed)	.000	.001			
Marketing Channel	Pearson Correlation	.454**	.154*	.445**	1	
	Sig. (2-tailed)	.000	.035	.000		
Sales performance	Pearson Correlation	.262**	.326**	.253**	.257**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
**. Correlation is significant at the 0.01 level (2-tailed).						
*. Correlation is significant at the 0.05 level (2-tailed).						

The correlation between sales performance and customer prioritization and targeting is a weak correlation but to be considered, as shown from the above table: R=0.326, P=0.01.

Sales performance and customer segmentation (R=0.262, P<= 0.01), sales performance and relationship marketing (R=0.253 P<=0.01), sales performance and marketingchannels (R=0.257, P<=0.257) are all correlated weakly but to be considered in a positive direction.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

This chapter provides a summary of the findings and conclusions, as well as forward recommendations and direction for future studies on the basis of study results.

5.1 Summary of Findings

The objective of the study was to examine the role of marketing strategy on sales performance in private insurance companies which are found in Addis Ababa.

Out of the 209 questionnaires distributed, 188 (89.95% response rate) valid questionnaires were collected and used for analysis. The collected data were analyzed using descriptive research approach. With regard to the reliability, the results showed that all measures used in this study had an acceptable level of reliability above 0.70. In addition, the results showed that there is a relationship between the dependent and independent variable this is shown by correlation analysis result.

5.2 Conclusion

The mean value result for customer segmentation on average is 4.68 and it can be concluded that most of the respondents on average leaned some towards favourable side of the scale (Allen et.al, 2007). Therefore, in most insurance companies' specific customer groups are identified based on different factors such as expected life time value/ profitability of each customer for the company, demographic characteristics (e.g size, location, industry), buying behaviour the customers use the services of the insurance companies, benefits that they expect from buying services and the value that they expect from buying services from the insurance companies.

The mean value for all questions that was asked regarding customer prioritization and targeting is 4.38 where the respondents answer can be interpreted as a slightly positive response since 4 is the neutral mid- point on average the respondents leaned just a bit towards a favourable side (Allen et.al, 2007).

Therefore, most insurance companies prioritize and target customers based on their expected importance for them, their selling effort is targeted to different customers with regard to

customer prioritization and targeting. Moreover, particular selling strategies are developed for each targeted customer and there is more than one sales force in the companies, which are targeted at different customer groups.

Concerning relationship marketing, on average the mean value for all questions is 4.25 where the respondents answer can be interpreted as a slightly positive response since 4 is the neutral mid-point on average the respondents leaned just a bit towards a favourable side (Allen et.al, 2007). It can be concluded that in majority of insurance companies' different relationship marketing is set for different customers. In addition, when relationship marketing is set for a customer the customer's preference and cost and value associated with a customer is taken into account by most of them are set for different customers. In addition, when relationship marketing is set for a customer the customer's preference and cost and value associated with a customer is taken into account by most of them.

The mean value result for marketing channels on average is 4.38 and it can be concluded that most of the respondents on average leaned some towards favourable side of the scale (Allen et.al, 2007). Therefore, according to the respondents insurance companies' use different marketing channels to communicate with their customers.

With regard to sales performance, on average the mean value for all questions is 4.38 where the respondents answer can be interpreted as a slightly positive response since 4 is the neutral mid-point on average the respondents leaned just a bit towards a favourable side (Allen et.al, 2007). It can be concluded that the respondents believe that they have enough sales growth and market share compared to other industry players

5.3 Recommendations

The finding of the study suggests that marketing strategy has a role on sales performance. Therefore, insurance companies have to rigorously identify which marketing strategy helps to increase sales performance and attain organizational goals.

Since all marketing strategy elements mean value leans slightly positive to favorable side of the scale insurance companies may decide to which specific element they need to allocate their resource more to increase their sales performance.

5.1 Direction for Future Research

- The study's scope could be further increased by integrating additional variable of marketing strategy which is mentioned in statement of problem that could explain additional variance in sales performance.
- The study could be further carried out using different research approach and design.

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Appendix: Questionnaire

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

Dear Respondent;

My name is HawiTesfaye. I am a student in the postgraduate program at the College of Business and Economics, Addis Ababa University and working towards the Master's Degree in Business Administration(MBA).

The purpose of this questionnaire is to collect primary data on “Marketing Strategy and Sales performance” for partial fulfillment of the requirements for the award of Masters Degree in Business Administration (MBA).

It is with due respect and gratitude that I extend my sincere appreciation and thanks for your kindness in filling out this questionnaire.

Please be sure that any information provided is strictly confidential; therefore,

- Please do not write your name or sign anywhere in the questionnaire.
- Put ‘√’mark on the appropriate block/cell both for multiple choice and Likert scale questions.
- If you need further explanation you can contact me and discuss the matter freely using the address written below.

Hawi Tesfaye: Email: hawi_tesfaye@yahoo.com and hawicho11@gmail.com

Cell phone; +251-912-07-49-37

Part – I: Demographic Information

1. Sex: Male Female
2. Age: 18-25 years 26-35 years 36-45 years Above 45 years
3. Educational Qualification:
 College diploma First Degree Second Degree & above
4. Year (s) of service in your organization :
 Below 1 year 1 to 5 years 6 to 10 years Above years

Part – II: Seven Point Likert Scale Questions

Sales Strategy

- To what extent do the following statements describe what is currently practiced in your organization?

Customer Segmentation	1	2	3	4	5	6	7
To what extent do you identify specific customer groups based on the expected life time value/ profitability of each customer for your firm							
To what extent do you identify specific customer groups based on their demographic characteristics (e.g size, location, industry)							
To what extent do you identify specific customer groups based on their buying behavior							
To what extent do you identify specific customer groups based on the customers uses/application of your goods/services							
To what extent do you identify specific customer groups based on the benefits that they expect from buying your goods/services							
To what extent do you identify specific customer groups based on the value that they expect from buying your goods/services							
Customer Prioritization and Targeting.	1	2	3	4	5	6	7
To what extent do you prioritize customers that you have identified based on their expected importance for your firm							
To what extent do you target your selling efforts to different customers							

To what extent do you develop specific selling strategies for each targeted customer							
To what extent do you have more than one sales force, which are targeted at different customer groups							
Marketing Relationship	1	2	3	4	5	6	7
To what extent do you set different marketing relationship for different customers							
To what extent do you employ different selling models for selling to different customers							
To what extent do you set relationship objectives and develop selling models for a customer you consider customer's preferences							
To what extent do you set relationship objectives and develop selling models for a customer, you consider the cost and value associated with this customer.							
Sales Channel	1	2	3	4	5	6	7
To what extent do you employ a company-owned field sales force to reach our customers							
To what extent do you use manufacturer's sales representative to reach your customers?							
To what extent do you use a company-owned inside sales force to reach your customers?							
To what extent do you use a direct mail to reach your customers?							
To what extent do you use the web to reach your customers?							
To what extent do you use email to reach your customers?							
To what extent do you rely on trade shows to reach your customers?							
To what extent do you rely industry press/ publications to reach your customers?							
To what extent do you rely on conferences/conventions to reach your customers?							
To what extent do you provide your customers a toll-free number for customer service/support?							
To what extent do you provide your customer's service/support through your website (e.g FAQs)?							
To what extent do you employ a technical support team (except the field sales force)							
To what extent do you employ a customer service/care team (except the field sales force)							

Sales Performance	1	2	3	4	5	6	7
Sales growth compared to your major competitor.							
Market share compared to your major competitor.							
Sales volume compared to sales unit objectives.							
Market share compared to sales unit objectives.							

Thank you for your participation!