ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE

DEPARTMENT OF MARKETING MANAGEMENT

EFFECT OF PRODUCT DIFFERENTIATION ON SALES PERFORMANCE: THE CASE OF HORIZON ADDIS TIRE MANUFACTURING PLC

BY: Wondie Mulugeta

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

Advisor: Mesfin Workineh (PhD)

June, 2021
Addis Ababa, Ethiopia

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ADDIS ABEBA UNIVERSITY SCHOOL OF COMMERCE
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The Effect of Product Differentiation on Sales Performance:
The Case of Horizon Addis Tire Manufacturing PLC

BY: - Wondie Mulugeta

APPROVED BY BOARD OF EXAMINERS

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External Examiner	**Signature**

Statement of Declaration

I certify that this research paper entitled "**The effect of product differentiation strategy on sales performance: the case of Horizon Addis Tire Manufacturing PLC"** is my very own research work. Any assist that actually have got in my research work and therefore the preparation of the thesis itself has been properly acknowledged with significant contribution of my research advisor.

____

By Wondie Mulugeta

Date: ___________________

Statement of Certification

This is to certify that Wondie Mulugeta is doing his research work on the topic "**The Effect of Product differentiation strategy on Sales Performance**: The Case of Horizon Addis Tire Manufacturing PLC". The research is original in nature and appropriate to be submitted for the award of Master's Degree in Marketing Management.

____

Mesfin Workineh (PHD)
(The Research Advizor)

Date: ________________

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LIST OF ABBREVIATIONS AND ACRONYM

PDS	Product Differentiation Strategy
PD	Product Differentiation
PQ	Product Quality
PV	Product Variety
PG	Product Guarantee
ASS	After Sales Service
SP	Sales performance
HATMPLC	Horizon Addis Tire Manufacturing PLC
HT	Horizon Tire
AT	Addis Tyre

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Abstract

Designing and implementing an effective diversification strategy to leverage computation is a top priority for many companies. The very purpose of the study was to investigate the effects of product differentiation strategy dimensions (product quality and product variety) with contributory roles of guarantee and after sales service on sales performance of the case company. The study used questionnaire dispatched to HATMPLC's managers, senior experts, distributors and key business customers' placed in Addis Ababa, as a method to collect primary data. It used quantitative research analysis method. A sample of 76 respondents selected using purposive sampling technique. The collected data was analyzed using descriptive statistics tools of frequency, mean, standard deviation and tabulationion and regression. The research finding is significant to those organizations who are engaged in the operation of unique PDS to enhance sales performance. The findings show, product quality, product variety and after sales services have positive significance to sales performance whereas, product guarantee have no significance. Therefore, the tire industries exploit the competitive advantage generated from the practicing of product differentiation strategy to enhance their sales performance.

KEYWORDS: Product Differentiation, Product Quality, Product Variety, Product Guarantee, After Sales Services, Sales Performance, HATMPLC

CHAPTER ONE

1. INTRODUCTION

1.1. Background of the study

Differentiation is the technique of marketing that provides a unique product or service with superior value in comparison with the rival products or services. Product differentiation strategy considered as an instrument of competitive advantage employed by organizations in the provision of client driven and valued products as compared to its rivals that satisfies individual needs (Shammot, 2011).

To cope up the current competitive market, organizations needs to reconsider and redesign their business philosophy that satisfies the interest of their partners, that enables to use their available resource efficiently which in turn leads to an increment of sales volume over the rivals (Dawley et al., 2008). To this end, differentiation considered as a core agenda by most companies to measure the achievement of their performance in relation with the success of their products (Porter, 1980).

Regarding to differentiation different authors' contributed their theories with different perspectives. To mentions some of prominent theories; resource-based view argued organization's "practices" and "resources" are basic factors for competition (Ramos-Rodriguez and Ruiz-Navarro, 2004). Knowledge-based theory states, knowledge vital element for long run competitions (Ludwig and Pemberton, 2011). Contingency theory states time context determines organizations competition at large scale (Meilich, 2003). Therefore, there are no agreed points on the theories of differentiation; to adapt the best theory largely depends on the nature and contexts of the organizations.

The tire industry in Ethiopia faces a number of challenges includes lack of quality information, unavailability of credit, poor market research and poor market. According to study of technological scientific research, the major tire operating companies in Ethiopia includes Horizon Addis Tire, the sole tire manufacturer, Bridgestone, Pirelli, Michelin, Yokohama, Goodyear, and Han kook. Ethiopia has import bill of tire close to 1.8 billon birr annually and registering a growth of 14% in terms of total volume (https://www.businesswire.com).

Horizon Addis Tire S.C. has been in the market since its inception in 1972/73 producing different sizes of bias tires. Regardless of challenges in providing quality products, the company has better market opportunities; availability of improved technology, and state support programs; but its market share is still at lowest level.

HATMPLC expands and introduce over 53 new size products in the past 5 years to the market and have planned to invest on Truck and Bus Radial (TBR) tire. This research work therefore, focused on how product differentiation strategy affects the sales performance of the organization based on Horizon Addis Tire Manufacturing plc as a study.

1.2. Statement of The Problem

Today's volatile business environment makes companies faced to various kinds of uncertainties and risks. To survive and remain competent, a business must operate effectively and efficiently by deploying well-established marketing strategies, that optimizes firms operations. The rapid global changes also affect organizational performance and management philosophies (Baines & Langfield-Smith, 2003).

Most companies have seen market challenges due to lack of product differentiation strategies to improve their sales performance (Trethowan & Scullion, 1997). Therefore, the ultimate goal of promoting the impact of product differentiation on sale performance of the case company is to provide customers with practical solutions that improve the growth of owners and other stakeholders.

Previous studies have examined the relationship between differentiation strategies and organizational performance and reported mixed results by industry and country (Aqua and Isai, 2006). Abu-Aliqah (2012) in his study used variables of high quality, fast delivery, product design, and unique product features to measure product differentiation strategies. Similarly, organizational sales performance also measured with financial factors (return on investment, sales growth and cash flow) and non-financial factors (customer satisfaction, product quality, and market development) in relation with product differentiation.

Past studies, also shows diverse and inconsistent findings on the relationship between diversification and company sales performance and has different results from the perspective of product diversification. Hence, the effect of product diversification strategy on the sales performance of the case company’s tires or other suppliers tire remains unclear. In this context, the research seeks to answer for these vague and unclear questions.

According HATMPLC six years audit report (2013-2019), the market share of the company is limited to 25%. In contrast, Asian countries such as China, India, Taiwan, who entered in the industry in the same period and later have grown, almost have automated manufacturing process and flooding the global market.

However, HATMPLC is slow on its progress. According to preliminary sources, there is no demand problem since almost all public and government organizations and individuals are consumers of the product. There is an excellent replaced tire market opportunity for the imported vehicles is growing tremendously; couples of vehicles' assembly have started already and others are on process to begin the assembly. The neighboring country (Kenya, South Sudan, Eritrea and Uganda) also have a potential market opportunity.

The company utmost cannot withstand its competitors who import different kinds of tires. To support with data 1.2 million tires were imported in 2012 and reached 2.45 million in 2017 from around the globe that kept its market share of HATMPLC was between 12% and 25% in period 2013-2019 and hasn't shown a progress as it should have been (https://www.businesswire.com).

Additional empirical evidence clearly needed regarding the relationship between differentiation strategies and sales performance in developing countries due to socio-economic and cultural difference, especially the tire industry like Ethiopia. These differences can lead to a variety of factors that affect the sales performance of the tire industry of the country. To this end, this paper seeks to bridge the gaps such as low sales and market share of the case company.

Therefore, the purpose of this research is to examine the relationship of a HATMPLC's product differentiation strategy with sales performance and to identify underlying sales performance constraints that prevent it from growing properly and to come up with findings to enhance the case company's core competency.

1.3. Research Questions

To guide the study the following research questions formulated:

1. How does product quality differentiation can affects sales performance?
2. Does product variety differentiation affect sales performance?
3. What is the contributory role of product guarantee for product differentiation in enhancing sales performance? And
4. What effect do after sales service have on product differentiation to improve sales performance?

1.4. Objective of the Study

1.4.1. General Objectives

The main objective of the study is to find out the effect of product differentiation strategies on sales performance of Horizon Addis Tire Manufacturing PLC.

14.2. Specific Objective

Based on the general objective of the study, the specific objectives of the study are to:

1. Discover the effect of product quality on sales performance, in the case company.
2. Examine the effect of product variety on sales performance in the case company.
3. Identify the contributory role of product guarantee for product differentiation in enhancing sales performance. And
4. Know the effect of after sales service on product differentiation, to improve sales performance.

1.5. Significance of The Study

Theoretically, this research explored the impact of product differentiation on sales performance of Horizon Addis Tire Manufacturing PLC, in the context of a tire manufacturing enterprise in Ethiopia. Moreover, it laid down the foundation for further investigation on the determinant factors that have impact on product differentiation strategies and sales performance on other related companies. On the practical view, as tire market of Ethiopia is dominated by imported tires (75%) which costs and erodes the country's huge amount of foreign currency this research would help the stakeholders to be alerted on the issues so as to enhance the core competency of the company. Finally, the research would create awareness about the usefulness of product differentiation strategy to enhance sales performance as a tool of competitive advantage.

1.6. Scope of The Study

Product differentiation have many variables, for the purpose of this study, the researcher based on the practice of the case company, limited to use the variables of product quality and product variety differentiation, by aligning the contributory role of manufacturing error product guarantee and after sales services. To see their effect on sales performance is the conceptual scope of the research. From the point of geographical area of the study, even if the case company operates on the major cities of Ethiopia, the research target will be only on its managers and senior experts, key business customers and distributors located in Addis Ababa.

Methodologically, the research used quantitative methods. Questionnaires distributed to the targeted groups to collect quantitative data.

1.7. Limitation of the Study

The main limitations of the research are not exploring the impact of marketing mix strategy on the sales performance of the case company, which might have relevance with the objectives of the study. Moreover, credit sales policy of the company to its distributors and key business customers also not included for analysis yet credit sales may have its own impact on sales performance of the case company, which is the other inherent limitations, of the research.

The company has product sales out late on the major cities of Ethiopia, however due to geographical distance challenges of data collection, the research limited to its key business customers and distributors located in Addis Ababa, which might be unfair representation of respondents. In addition, the researcher used purposive sampling techniques, which are in general less representatives in comparison with random sampling which makes the researcher not able to control the representativeness of the sample. Hence, the findings of the research might be subject to poor generalization.

Finally, this research only focuses to investigate the effect of product differentiation on sales performance with few explanatory variables. It does not take into account other features of internal and external factors such as price of the product, promotion, economic, technology, political, credit facility etc factors relating to sales performance.

1.8. Operational Definition of Terms

1.8.1. Differentiation Strategy

Differentiation strategy is the way of making business unique for important customers in achieving superior performance through the provision of valued benefits by the major part of the market (Kotler, 2009). Edward Chamberlin (1933) in his work also defines differentiation Strategy as the art of marketing a particular product or service in a way that makes it stand out against competitors' products or services as well as a firm's own product or service offerings.

1.8.2. Product Differentiation Strategy (PDS)

Product differentiation Strategy, hereafter termed as (PDS), includes differentiating products from competitors' products as well as from company's own product or service offerings. Johnson and Scholes (2002) define PDS as a specific marketing competency of companies' commercial capabilities in deploying competitive advantages over their competitors. Product differentiation also defined as, companies' positioning strategies to keep their products out of competition (Lamb, Hair, and McDaniel 2004). From previous definitions, PDS involves the process of defining features that are valued by consumers that make it a unique and superior product that creates a competitive advantage in the eyes of consumers.

1.8.3. Product Quality

Product quality is define as products that meet the various wants and needs of individual consumers, for whom the highest quality is preferred. In other words, product quality is the exact combination of product properties that gives a particular consumer the greatest satisfaction. On the other hand, product quality is a measure of design and manufacturing practice, which is declare as "conformance to requirements", that is, superior quality corresponds to conformance with its specifications to (Coutler, 2002).

1.8.4. Product Variety

Product variety is the number and range of brands or products offered by the supplier. Product variety diversity is determining the degree of market segment and the types of products offered by competitors (Huffman, 1998).

1.8.5. Product Guarantee /Warranty

A guarantee or warranty refers to the terms and situations in which repairs or exchanges made in the event that the product does not function as originally described or intended (Choi, 2006).

1.8.6. After sales Service

After-sales service is a service provided after a customer purchases a product. Service provided to customers through retailers, manufacturers, or a third-party service providers. Services include warranty service, training or repair and upgrades. After-sales service also considered an overall marketing strategy for the company. Some customers may search for company product based on the quality and variety of after-sales services (Selden, 2000).

1.8.7. Sales Performance

Sales performance is the result of sales actions carried out by sales personnel working in contact with clients and colleagues, in an effort to translate available products to meet client needs (Kaario et al. 2003). The performance of a sales measure considered critical to its success in any business, form-selling products to selling services (Storbacka et al. 2009).

1.9. Organization of the Study

The research proposal organized into three chapters. Chapter 1 covers the introductory chapter that comprises the background of the study, problem statement and objectives of the study, scope and limitation of the study. It will introduce and focus upon delivering the reader an overview of the study's development. The second chapter presents the related literature review that covers concepts, theoretical framework and empirical literature of performance and conceptual framework of the research. Chapter 3 presents discussions and explanation of the research methodology. It begins with a discussion of the research design, population of the study, sampling techniques, sample size, data collection instruments, the data collection procedures and ends with data analysis approach.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

2.1. Introduction

This chapter presents past or previous research that has been done and theories have been developed in relation to differentiation strategies. This chapter is divided into theoretical literature, empirical literature and summary. The chapter review focuses on the existing literature on the relationship between product differentiation and sale performance. Previous studies have been reviewed according to their perspectives and results.

2.2. Theoretical Lens

2.2.1. Models/Theories of PDS

In order to present a product differentiation strategy as a tool for competitive advantage and a positive effect on company's sales performance, it is important to discuss the common theories and models on the subject. The most important ones presented as follows:

Monopolistic Computation Theory (Edward Chamberlin, 1933) – The core point of the theory lies that differentiating strategy in a company is the technology of marketing a particular product or service in a way that distinguishes it from other products or services. This includes differentiating the company from competitors' products and delivery services.

Porter Value Creation Model (1985) – This model conceptualizes and argues that "competitive advantage stems primarily from the value of the firm, which is able to create a value for its customers that exceed the cost of making it to the firm" . The theory also makes a clear distinction between vertical and horizontal differentiation based on their use (Porter, 1986).

Resource Based View (Barney, 1991/2002) – The origins of the resource-based view traced back to Penrose in 1959, who indicated that the resources owned, deployed and used by the organization matter in relation to the structure of the industry in order to win the competition. The theory argues organizations' fundamental sources and drivers of competitive advantage primarily related to superior performance in line with the attributes of resources, like all of the assets, skills, processes, information and knowledge controlled by an organization (Barney, 1991); 2001; 2006).

The theory also states that in order to successfully design and implement a value creation strategy based on unlimited and hard-to-replace resources, companies must gain a competitive advantage. Such an organization has a monopoly that leads to sustainable business advantage with excess profits (Barney, 2001; 2006).

Resource based view criticized despite its acceptance increases in literature devoted to its advancement conceptually and empirically. Some of the critics are the theory missed how firms developed sustainable superior competitive advantage; the theory is static (Priem & Butler, 2001) and the theory is too abstract and lacking operational validity (Chatterjee & Wernerfelt, 2001) and (Miller, 2006).

Knowledge Based Theory (Ludwig and Pemberton, 2011) – The theory conceptualizes knowledge as the maximum strategically significant resource of a firm as it is miles tough to mimic and source of sustained competitive advantage and company performance (Ludwig and Pemberton, 2011). Originating from the strategic management literature, this angle builds upon and extends the resource-based view of the firm initially promoted by Penrose (1959) and later expanded by Barney (1991).

Meilich Contingency Theory (2003) - The theory argues that competitive strategy used by firms time to time contextual and not a 'one-size-fits-all' (Meilich, 2003).Thus; there is no single approach to manage organizations. Lawrence (1993) in his stud states, "Contingency theory continues to be the strongest, research-based body of knowledge relevant to the practical problems of organizational design." Central to contingency theory is the concept of fit between structural and contextual (contingency) characteristics of organizations. The contingency determines either the shape or the power of impact of the structural variable on overall performance. Common structural characteristics of organization incorporated in contingency concept study include formalization, administrative intensity, decentralization, and structural differentiation (Donaldson, 1994).

Strategic Management Approach (Joy and et al, 2013) – Strategic management literature has been inquisitive about sorts and stages of diversification and its impact on company overall performance. It is miles vital to emphasize that strategic management literature generally handles resource-based theory, which specializes in the relatedness in diversification (Wan et al., 2011). In related diversification, the corporations allocate factors of production in activities requiring similar expertise or similar resources; while the unrelated diversification pushes the companies to interact in exclusive kinds of services or product that diverge from each other in the resources or expertise used (Galvan et al, 2007).

Strategy of Diversification (Ansoff, 1957) - It is far the most unstable approach because both product and market development is required. Ansoff divided in to tow extensive categories. The first is related/concentric or vertical diversifications, which have a link for the creation of potential synergy, between the firms in existing business and the new product or market space. The second is unrelated or conglomerate growth diversification. It is a strategy for company growth using starting up or obtaining businesses outside the company's current products and markets. The Ansoff Matrix is a useful device for organizations looking to pick out and discover their growth options via decreasing portfolio hazard (Ansoff, 1957).

The critic of the approach is isolation undertaking that have a risk due to matrix misleading. The second hindrance is logical consistency task. If one assumes a new product truly is new to the firm, in lots of cases a brand new product will concurrently take the firm into a brand new, unexpected marketplace. In that case, one of the Ansoff quadrants, diversification, is redundant that does no longer continually connect to diversification (https://en.wikipedia.org).

Summary on Theories of Product differentiation:

Several theoretical perspectives cautioned to explain why business groups favor diversification. Most of the researched out theories try to discover the different results between related and unrelated diversification (Osorio, 2012).

Markides and Williamson (1996) measure relatedness in step with the firms' non-tradable, non-substitutable and hard to build up assets in exclusive market surroundings. They call valuable, imperfectly tradable and high priced to imitate as strategic assets and strategic asset level decide the relatedness. Furthermore, they provide an explanation for the significance of strategic assets and display related diversification guarantee an increase in profitability if firm can share and switch strategic resources to its new segments. However, the study of Tanrıverdi and Venkatraman (2005) has distinct implications. They argue that relatedness of product knowledge, managerial knowledge or customer knowledge do no longer increase companies' performance rather complementarities of resources of the segments end in increase in profitability.

Gomes and Livdan (2004) state the importance of resource based theory as a company's current existing business declines or does no longer make sure growth opportunities, then the company have to seeking for new business segments. Zhao's (2008) findings guide this idea, he categorizes companies in to two groups below and above the industry average based totally on the firms' pre-diversification conditions and he finds out that below industry median companies' values increase with unrelated diversification.

In view of the above theories, it is obvious that a firm achieves a competitive edge over its competitors through imparting a product or service perceived with the aid of client to yield extra benefits and value than that of the competitors. One cannot say that, which view is better for demonstrating the product diversification's impact on firms' performance, however resource-based view is dominating in most of the studies. Resource-based view justifies production, marketing, managerial, distribution competencies are precious resources of organizations (Zhao, 2008).

2.3.2. Product Differentiation Strategy (PDS)

According to Coutler (2002), the key characteristics of the product differentiation, strategy source includes superior product design, technology, customer service or other dimensions that determines the product quality.

The product distinction strategy expects opportunities from the technical foundation of product quality, from consumer factors and markets to align product dimensions as much as possible. When companies separate their products, the most important thing for their customers is to make decisions about how to separate them (Coulter, 2002).

Carpenter and Moore (2006) cite the organizations source of differentiation strategies that drive sales performance includes standard products, wide selection and assortment, strategic positioning, after sales-service, quality service, convenient location, parking, attractive, favorable operating hours, owning branding or extra value and a one-stop-shop offer. Economically valuable fundamentals of product differentiation can enable a company to increase its revenues, minimize risks and take advantage of opportunities. Pearce and Robinson (2005) and Hernant (2007) also propose product differentiation strategies with high value creation achieved through provision of high appealed product quality and service excellences.

2.3.3. Product Differentiation Enablers

The rapid change in current situations in which market place is increasingly competitive and the price of innovation growing, coupled with the stress of the emergence of global knowledge-based economic system have made companies to realize that product differentiation strategies are their key assets (Snyman & Kruger, 2004). To this end, based on the case company experience the researcher will try to examine the four enablers of product differentiation i.e. product quality, product variety, product guarantee or warranty and after sales service as independent variables which have the most influential effect towards the dependent variable of sales performance of the subject under study.

Product Quality: In relation with product quality Coutler (2002) states product quality is the perceived key characteristics of differentiation approach. This could be through advanced product design, technology or customer service dimensions. In order to provide products that satisfy individual customer's desires, quality has prime differentiating factor among products (Shammot, 2011).

Product Variety: Huffman (1998) states the importance of product variety as, defining the right variety versions with the product features per the needs and responses of customers' demand are crucial and vital for firms. Despite the fact that handling variety is a challenge, product variety affords a potential gain to expand markets, growth sales quantity and revenues.

Product Guarantee: as a measurement of sales performance, Choi (2006) explains, consumers consider warranty as indicators of product excellence due to the fact they recognize that providing warranties are highly priced for companies. Longer warranties increase purchasers' application and will increases the probability of selecting the product.

After Sales Services: Stalk (1992) also explains the importance of after sales service on sales performance as, to improve business profitability, corporations must make investment on after sales services as method through satisfying consumers, enhancing client perception, developing client's loyalty and revenue. Selden (2000) further states, after sale a service play a crucial function in a company's ability to make earnings and generate revenue.

2.3.4. Sales Performance

The studies of Sashi & Stern (1995) showed an important relationship between product differentiation strategy and sales performance. Sales performance measurement includes quantitative and/or qualitative. According to Lancaster (2003), the two fundamental groups of quantitative performance measures are input and output measures. Output measures are sales revenue achieved, sales per active account, number of orders, sales to new customers, and number of new customers. Moreover, those relate to input quantitative performance measures are number of calls made, calls per potential account, calls per active account and number of calls on prospects. A qualitative measure of performance includes sales competencies, client relationship, self-organization, product knowledge, co-operation and attitudes.

2.4. Empirical Literature Review

Several research over the last years investigated diverse influencing elements of product differentiation towards sales performance. To formulate the problem scientifically, and to emphasize the significance of undertaking this study, it is vital to present a brief evaluation of previous researches on the subject. Despite the fact that the review encompasses a large number of research only some studies, which has direct and indirect bearing for the research reviewed.

Felista (2013) has examined empirically the contribution of product differentiation strategy on sales performance in banking industry based on NMB Plc in Songea Tanzania as a study. The study used preference, product knowledge perception and cost of differentiating products variables to measure effect of product differentiation on sales performance. The purpose of the study was assessing the contribution of product differentiation strategy on sales performance. The study used qualitative studies approach including questioners, interview and observation. The findings of the study show that, product differentiation strategy has a positive contribution to sales performance. The study recommends NMB management must put consideration to network problems, pensioners, customers, security to customers' accounts and consistence service provision attributes of differentiation strategy to compete in the developing market.

Another researcher Tuva (2015) was conducted a study in water bottling companies in Mombasa, Kenya on the subject of the influence of differentiation strategy on their performance. The study was investigated the effect of differentiation strategy on performance of branded bottled water in relation with the variables of service and product differentiation to measure their influence on performance. The findings of the study shows product differentiation strategy contributes more to the performance of water bottling companies than service differentiation strategy.

Anthony (2018) has investigated the relationship between product differentiation strategies and organizational performance in Sameer Africa Limited in Nairobi, Kenya. The research sought to examines the influence of product differentiation and organizational performance. The study used product quality and product variety to measure sales performance and profitability of the company. The study found that product differentiation had a positive relationship with organizational performance.

Hana (2019) conducted a study in retail market of from Unilever Company products, based at Addis Ababa, Ethiopia. The study used variables of product breadth, product diversification and product to analyze the effect of product diversification on sales performance. The findings of the study shows product diversification have a relationship with sales performance of beauty and personal care retailers.

Shafiwu and Mohammed (2013) have examined the effect of product differentiation on profitability in the petroleum industry in Ghana. The research objective was to know the relationship between differentiation and profitability in the petroleum industry on Effimax products. The study applied a correlation research design. Cluster sampling technique was used to select the sample from the population. The study findings show there is no significant relationships between differentiated products and profitability.

Ethinanwo and Zaki (1996) examines the best practices of after sales services in four major automobiles firms in Germany that are Ford, Toyota, Nissan and Fiat. They use open ended and closed ended questionnaires in these four companies the study was concluded that after sales service represents a source of profit, customer satisfaction and a source of product differentiation. They recommend that car producers must engineer their process in providing after sales service by making truly changes in their policies.

Most of the study's findings show that product differentiations have an effect on the organizations sales performance particularly by deploying associated product diversification. Hence, related diversified companies can take advantage of the economies of scope by allocating common flexible factors of production (tangible and intangible assets along with financial resources) and knowledge among different sectors. In contrast with the agency theory, the managerial resources are the critical measure of the firm value in resource-based theory (Wan et al., 2011).

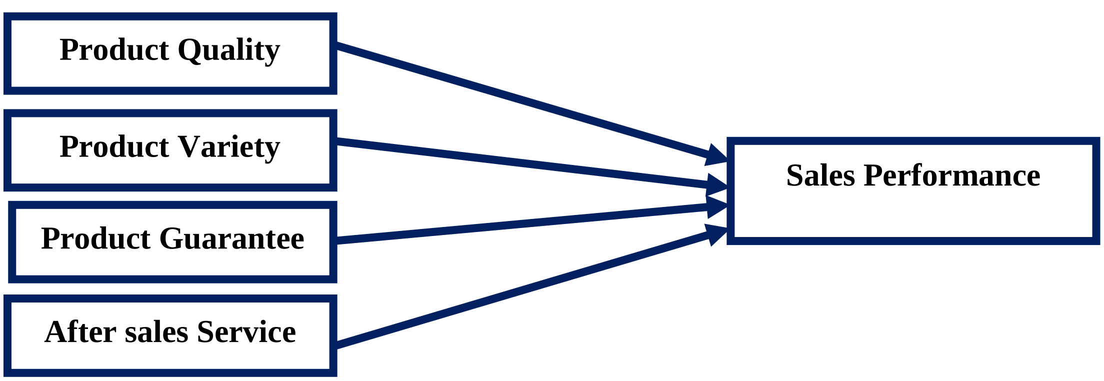
One cannot say that, which view is better for demonstrating the product diversification's impact on firm performance, but resource-based view is dominating in most of the studies. Resource-based view justifies production, marketing, managerial, distribution skills are valuable sources of companies that transferred across products (Zhao, 2008) and (Ludwig and Pemberton, 2011).

In view of the above discussions and the stated problems and objectives, a research model developed to show the relationship between the research variables and organizational sales performance. Figure 1illustrates and helps to predict the relationship between product differentiation and sales performance of the case company.

2.5. Conceptual Framework and Hypothesis of the study

From the discussions made so far and the stated problems and objectives, a research model developed to display the relationship between the research variables and organizational sales performance. Figure 1 illustrates and helps to predict the relationship between product differentiation and sales performance.

Figure 1: Conceptual Framework



Source: *Anthony with modification (2018)*

Since product variety and Product quality widely exercised by the case company, plus per the findings of Anthony on his study of Semar Africa Tire Company in Kenya on the same subject, the variables have positive significance for the sales performance of firms.

To this end, the researcher adopted with modifications by adding other contributory factors of PDS like guarantee and after sales service, which uniquely practiced by HATMPLC. The conceptual framework indicates the product differentiation strategies as independent measured by product differentiation variables and sales performance of Horizon Addis Tire Manufacturing PLC as a dependent variable measured by sales growth.

Hypothesis: The researcher investigate best-fit variable for sales performance in the case of Horizon Addis Tire Manufacturing PLC. So that for this study, the best-fit variables are product quality and product variety, by aligning the contributory roles of guarantee and after sales service for PDS on sales performance. Based on review of related literatures and objectives of the study, the following hypotheses were tested:

H1: Product quality is positively and significantly associated with sales performance.

H2: Product variety is positively and significantly associated with sales performance.

H3: Product guarantee is positively & significantly associated with sales performance.

H4: After sales service, is positively & significantly associated with sales performance.

CHAPTER THREE

3. METHODOLOGY

3.1. Introduction

This chapter highlights the methodology used by the researcher as a way to execute the study and realize its objectives. The chapter entertains research design, sampling techniques, and data collection instruments and data analysis.

3.2. Research Design & Approach

Research design is a road map that guides researchers' to carry out their work in the right way. It gives direction on the vital steps and instructions to acquire necessary information in framing the researched out problems and the structure of the study. To this end, keeping the objective of the study the researcher employed a research design called explanatory research design. It is a vital research design to investigate the effect of product differentiation strategy on sales performance of the case company, and the cause and effect relationship between dependant and each independent variable. Uma S. and Roger B. (2016), advices to use explanatory research design to find out and report on the relationships existed among the factors on subject under study, from the various perspectives.

Accordingly, determinants of sales performance as expressed in terms of product differentiation strategy is determined which requires quantitative analysis. Quantitative studies primarily focused on the numeric analysis and statistical interpretation of data (Creswell, 2009).

The purpose of this research is to investigate the effect of PDS on Sales Performance of HATMPLC and provide a better insight that can be used to leverage the opportunities presented. Thus, the researcher used a descriptive and an explanatory research design. These enabled the researcher to describe characteristics of the population and phenomenon that was being studied and identify the impact of independent variable (sales performance) on the dependent variable (product quality and product variety. Quantitative methods was made using questionnaire survey as a means of collecting data that are used as input to explore and understand the impact of PDS on the sales performance of HATMPLC. Using these multiple methods, provided better opportunities to answer the research questions and to evaluate the extent to which findings may be trusted and conclusions made (Saunders, Lewis & Thornhill, 2009).

The research constructed on selected dimensions' of product differentiation strategy to generalize the sales performance of the case company. To this end, it adapts deductive approach to generalize the effects of product differentiation strategy on sales performance.

3.3. Data Type

The study used both primary and secondary data. Primary data are fresh and first time and they are original in character. Primary data are collected to provide information regarding a specific topic and secondary data are data previously collected and analyzed (Kothari, 2004). This study are used both primary and secondary data sources to address the research purposes. Moreover, the case company practices of product differentiation strategy examined through document review and structured questionnaires.

3.3.1. Primary Data Source

In general the primary data sources are categorized as observation, survey method, experimentation, and unpublished written and recorded document. To this specific research, purpose, Horizon Addis Tire Manufacturing PLC strategy plan, assessment report for quality award and its sales performance are the sources of primary data. To this end, both survey and relevant databases are used. In addition to this, data acquisition guidelines and document reviewed to dig out the effect of sales performance and product differentiation relationships of the company. Finally, unpublished documents utilized to look into the sales performance trend of the case company.

3.3.2. Secondary Data Source

Published and reputable reviews and audited financial statements utilized as data sources. More prominently, authentic strategic and performance reports from the case company used to supplement data sources. Here, the employment of secondary data attributed particularly in providing the practice of product differentiation on the selected variables to improve the overall sales performance of the company under study.

3.4. Target Population and Sample

3.4.1. The Target Population

The full set of cases from which a sample is taken is called the population. For some research question it is possible to collect data from an entire population as it is of manageable size. For all research questions where it would be impractical to collect data from entire population, sample will be selected (Saunders, Lewis & Thornhill, 2009). The population of this study was HATMPLC product distributors' and business customers'.

As per HATMPLC strategic plan (2021) document and annual performance report (2019/2020) of information, the total number of distributors and key business customers in the country is 45. Out of which twenty-two distributors and key business customers are located in Addis Ababa. The document further indicates these business companies have a budget of tire purchased more than one million birr on for the last three years. This would give these business entities are ideal choice to examine the sales performance of the case company. Therefore, the total population for this study framed as distributors, key business customers, and HATMPLC managers and senior experts placed in Addis Ababa city, that have a direct relation on the subject of the study.

3.4.2. Sample Size and Determination

The selection of sample size is depending on nature of the research design, availability of resources, level of confidence and the nature of target population the researcher needs to study (Kothari, 2004).

According to Uma S. and Roger B. (2016) explains that Judgmental sampling engages the selection of the target group from the perspective of the best-required information to get the intended benefit. The respondents' number and category that have the required information limitedness determines to use judgmental sampling design.

Therefore, management members, distributors and key business customers located in Addis Ababa city were selected for this study. Purposive sampling technique was adapted in order to select the best informants on each respective respondent type. For selecting respondents from the study organization, all executives, product industrialization and quality assurance, production, finance and commercial mangers are selected. For selecting respondents from the market which is located in Addis Ababa, all the distributors and key account business customers (who purchased 1 million and above per year) are selected. Therefore, the research has a total sample size of 76 respondents.

In order to choose a representative sample from the target population, purposive sampling technique used. The total number of respondent who respond to the questionnaire prepared for the study is 70 (seventy) out of 76 (seventy-six). The researcher tried to distribute the questionnaires by being free from any bias and the samples taken were representatives of the whole population. Therefore, the technique helped me to draw a conclusion from the results of the research.

Table 1: Respondents Sample Size

Respondent Type	Number of Respondents	Sample in %	Number of Sample	Method of data Collection
Deputy General Managers	2	100%	2	Questionnaire
Production Managers & Heads	3	100%	3	Questionnaire
PIQA Managers and Heads	5	100%	5	Questionnaire
Commercial, Finance & Store Managers & Heads & Senior Experts	8	100%	8	Questionnaire

Respondent Type	Number of Respondents	Sample in %	Number of Sample	Method of data Collection
Distributors	7 (14 purchaser and sales personnel)	85.7%	12 (2 questionnaires were not returned)	Questionnaire
Business Customers	22 (44 respondents)	100%	40 (4 questionnaires not returned)	Questionnaire
Total	**76**	**92.1**%		

Source: *Researcher's Own Work, 2021*

3.5. Data Collection Tools

Structured questionnaire and document review used as a tool to collect data.

3.5.1. Structured Questionnaire

Johnson & Christensen (2008) explains, questionnaires give confidence the respondents to be truthful since they filled out in secret, and they are more economical than interviews. Moreover, it has the ability to request information from several respondents within short period. The scaled items, McMillan and Schumacher (2010) further states, permits the respondents to choose. The questionnaire consists of information regarding respondents' personal background and their views regarding the questions related to product differentiation and sales determinant variables of the case company. The questionnaires distributed to 76 (seventy-six) respondents’ of managers, senior experts, distributors and key business customers’ out of which 70 were collected.

3.5.2. Document Review

The researcher additionally asks the documents pertaining to the rules and regulations that govern the personnel within the crime prevention sector. It is the main data collection instrument for gathering information from secondary sources. Further to collect, the required data from available documents about product differentiation strategy and sales performance measures used in the context to Horizon Addis Manufacturing Tire PLC.

3.6. Data Analysis and Presentation

This part explains the suitable techniques used to analyze collected data and the justification of the same. Quantitative method of data analysis utilized in analyzing the data collected. Data collected from number one resources has been analyzed using descriptive analyses; like frequency distribution, tabulated method of statistics and tables to examine direction and significant of the relationships of the variables are employed under this study. Response of each client acquired from the questionnaires has been tabulated question-by-question and summarized accordingly. Secondary sources data has been analyzed thinking about the researcher own judgment.

3.7. Data Reporting

After the data analysis, being finished the data summarized and the result of the overall studies has been prepared. Possible recommendation drawn based on the data analysis. Subsequently, the studies has been stated in standardize reporting format.

3.8. Reliability and Validity

3.8.1. Validity

Validity of an instrument is how correct the tool is in acquiring the data it intends to collect and measures what intends to meaure (Mugenda, 2003).

The researchers is try to keep the validity of the study by avoid double negative questions, avoid ambiguity about causal direction and telling the purpose of the study to the respondent (Cresswall, 2009). Internal validity measure whether the finding is non-spurious or not. Therefore, the finding in this study is strongly supported by the result in the context and the general theory in the field. External validity is refers whether the observed association can generalized from the sample to the population. This study addresses external validity through taking representative sample and can generalize to all respondents of HATMPLC product distributors and key business customers.

A pilot study was conducted prior to the beginning of the full study, to solicit feedback for improvements to the instrument. The responses showed the general ease of completion of the questionnaire, and there were slight comments or improvement suggestions from the respondents. Therefore, based on the given feedback we add one additional question on the demographic section, which is “Yearly purchasing/selling amount of distributors and business customers of HATMPLC”. In addition, to ensure precision, relevance and content validity of the instrument, the questionnaires were subject to critical evaluated by the supervisor.

3.8.2. Reliability

According to the Cooper and Schindler (2008), prescription for every assigned value generated from SPSS application should have Cronbach's alpha reference value of 0.7, which is acceptable. The study result indicates that, the reliability values for product differentiation factors such as product quality (0.831), product variety (0.729), product guarantee (0.848), after sales service (0.848) and sales performance (0.700). This shows that, all product differentiation factors values were above 0.7, from this the researcher infer that data collection instrument is reliable.

Table 2: Reliability Statistics for the General Instrument

Measurement	No of Items	Cronbach's Alpha
Product Quality	5	0.831
Product Variety	5	0.729
Product Guarantee	5	0.848
After Sales Services	5	0.726
Sales Performance/Growth	5	0.700
Over All Reliability	**25**	**0.903**

Source: *Researcher's Own Work, 2021*

3.9. Ethical Consideration

The research participants involved in this study properly informed about the aim of the research and their willingness and permissions asserted before distributing questionnaires. The privacy of respondents did not expose to harm in any way during this survey and their confidentiality of their responses. Therefore, the identity of every participant maintained confidential. In all process of the study, names kept confidential, thus collective names like “respondents” was used.

CHAPTER FOUR

4. DATA ANALYSIS, INTERPRETATION AND PRESENTATION

4.1. Introduction

This chapter presents discovering and evaluating, interpreting and explaining findings of the collected data. A total 76 questionnaires were distributed to distributors, key business customers and HATMPLC managers and senior experts located in Addis Ababa to gather data about the effects of product differentiation on sales performance. Out of these 76 questionnaires, 70 valid responses were acquires and have a response rate of 92.1%.

The data generated from valid questionnaires were coded and entered to Statistical Package for Social Sciences (SPSS) IBM version 23 and analyzed using descriptive statistics as presented below. Based on the results of the study discussions and analysis are made in line with the research objectives and research questions. The next chapter will present the information together with its statistical analysis.

4.2. Demographic Information of Respondents

The findings are both descriptive and explanatory. Data have been accrued from 18 Mangers and Senior Experts 7 Distributors (14 respondents) and 22 Business Customers (44 respondents) which are placed in Addis Ababa out of these 70 (92.1 %.) questionnaires were returned. The frequencies were used to assess how often respondents responded to questions and this permits to look at the study of general knowledge about the collected information. Questionnaires were distributed to the case company managers and senior experts, distributors and key business customers in Addis Ababa. The subsequent tables display respondents' information on educational status, department, work experience and yearly purchasing quantity in birr.

The section below summarizes the demographic information of the respondents in the sample. The respondents' demographic information did not answer the research questions but it presented to justify that there was no biasness in data collection.

4.2.1. Respondents' Type

Table 3: Type and Number of Respondents'

Respondent Type					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Managers & Senior Experts	18	25.7	25.7	25.7
	Distributors	12	17.1	17.1	42.9
	Business Customers	40	57.1	57.1	100.0
	Total	70	100.0	100.0	

***Source**: Researcher, Survey Data (2021)*

As evidenced from Table 4.2.1 there was higher percentage of Business Customers 40 (57.1%) respondents then Mangers and Senior Experts 18 (25.7%) respondents and the least distributors 12 (17.1%). This indicates that different types of customers were engaged in responding the questionnaires.

4.2.2. Educational Status

Table 4: Highest Education Level

Educational Status					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Certificate	4	5.7	5.7	5.7
	College Diploma	8	11.4	11.4	17.1
	First Degree	40	57.1	57.1	74.3
	MA/MSC or Above	18	25.7	25.7	100.0
	Total	70	100.0	100.0	

***Source**: Researcher, Survey Data (2021)*

The judgment shows that the higher 40 respondents (57.1%) are First Degree level, then 18 respondents (25.7%) hold Master's Degree, followed by 8 respondents (11.4%) of total respondents are College Diploma level. The rest 4 (5.7%) are Certificate level. These shows all the respondents are able to understand and reflect their opinions on the provided questions.

4.2.3. Department

Table 5a: Department of Respondents'

HATMPLC Respondents Department					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		52	74.3	74.3	74.3
	Production	3	16.7	16.7	78.6
	PIQA or R & D	5	27.8	27.8	85.7
	Commercial	6	33.3	33.3	94.3
	Finance	1	5.5	5.5	95.7
	Others	3	16.7	16.7	100.0
	Total	18	100.0	100.0	

***Source**: Researcher, Survey Data (2021)*

About 33.3%, 27.8% and 16.7% of the respondents were from Commercial, Research & Development and Production departments of the company respectively. Finance 1 (5.5%) and Other departments 3 (16.7%) respondents were from Deputy Managers of Plant, Deputy Manager of Operations and Store Manger which have direct contacts with the customers and distributors. These shows the respondents are knowledgeable about the case company products differentiation strategy's effect on sales performance.

Table 5b: Department of Respondents'

Distributors and Business Customers Respondents Department					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		18	25.7	25.7	25.7
	Purchasing/Sales	29	55.8	55.8	67.1
	Logistics	6	11.5	11.5	75.7
	Maintenance	6	11.5	11.5	84.3
	Administration	10	19.2	19.2	98.6
	Others	1	1.9	1.9	100.0
	Total	52	100.0	100.0	

Source*: Researcher, Survey Data (2021)*

More than 55% of the respondents were from purchasing and sales departments. The second highest group 19.25 from administration followed by maintenance and logistics departments 11.5% each. Only 1.9 % of the populations were from other department i.e. from Finance department. This shows the respondents of distributors and business customers have knowledge on the subject of the study.

4.2.4. Experience

Table 6: Year of Services of respondents

Number of years served in their respective Organization					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 3 years	6	8.6	8.6	8.6
	3-5 years	10	14.3	14.3	22.9
	5-10 years	27	38.6	38.6	61.4
	Above 10 years	27	38.6	38.6	100.0
	Total	70	100.0	100.0	

***Source**: Researcher, Survey Data (2021)*

Data indicates that 6(8.6%) of the respondents have less than 3 years of experience, 10(14.3%) of respondents have 3 -5 years of experience and 27(38.6%) of respondents have 5 – 10 years of experience and 27(38.6%) respondents have more than 10 years of experience which shows that respondents have satisfactory experience level.

4.2.5. Yearly Selling or Purchasing Amount of Tire in Birr

Data indicate that the respondents who rated 900 Million Birr 10 (55.6%), More than 1 Billion Birr 7 (38.9%) and 1 (5.6%) respondent rates 800 Million Birr. This shows the majority of respondents rated the company yearly sales performance ranges from 900 Million to 1 Billion Birr. Therefore, this indicates that all the respondents have fulfilled the criteria of the research.

Table 7a: Selling/Purchasing Amount

HATMPLC Annual Selling Amount In Birr					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	800 Million	1	5.6	5.6	5.6
	900 Million	10	14.3	55.6	61.1
	More than 1 Billion	7	10.0	38.9	100.0
	Total	18	25.7	100.0	
Missing	System	52	74.3		
Total		70	100.0		

Source*: Researcher, Survey Data (2021)*

As the data shows yearly purchasing amount of 1 million birr 24 (46.2%) of the respondents which contains the highest number, followed 19 (36.5%) more than 10 million birr and then 3 to 9 million 4 (7.7%) of the respondents which contains the least. This shows the majority of respondents rated their yearly sales or purchasing performance ranges from 3 Million to 10 Million. Therefore, this shows that all respondents qualify the purchase capacity required by the research.

Table 7b: Selling/Purchasing Amount

Distributors and Business Customers Yearly Amount of Selling or Purchasing of Tire In Birr					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 Million	24	34.3	46.2	46.2
	1 to 2 Million	5	7.1	9.6	55.8
	3 to 9 Million	4	5.7	7.7	63.5
	More than 10 Million	19	27.1	36.5	100.0
	Total	52	74.3	100.0	
Missing	System	18	25.7		
Total		70	100.0		

***Source**: Researcher, Survey Data (2021)*

4.3. Descriptive Statistics of the Variables

Descriptive analysis of the study measure, respondents' judgment on the dependent variable (sales performance) and independent variables (product quality, product variety, product guarantee and after sales analysis) presented. All the variables mean and standard deviation have been computed. The mean indicates the average value whereas the standard deviation entails the value deviation level from the mean. As cited by Muhumed and Sekajugo (2015), Akmaliah (2014) proposes a mean score of 3.80 and above are evaluated as high level of agreement, between 3.40 and 3.79 are evaluated as moderate agreement and a mean of 3.39 and below to shows an evaluation of low level of agreement.

4.4. Descriptive Statistics of Product Quality Products Differentiation

For the analysis of product quality differentiation five questions were questioned. 80% of respondents agreed HATMPLC always provide products with the required performance with a mean of 3.9429 and standard deviation 0.99106 values. 82.9% respondents agreed durability of the product with a mean of 4.1714 and standard deviation 0.81599values. 70% respondents agreed product features desirability with a mean of 3.9286 and standard deviation 0.80436 values. 82.8% of the respondents agreed product serviceability greed with a mean of 4.2000 and standard deviation 0.82708 values. Similarly, 79.7% of respondents agreed reliability of the product with a mean of 4.1143 and standard deviation 0.87713 values.

The overall results show that, 79.7% of the respondents agreed, that HATMPLC had improved quality of products. However, 14.6% and 5.8% of the respondents were neutral and did not agree that HATMPLC have improved quality of products respectively with a mean of 4.0714 and a standard deviation of 0.61483 values.

Table 8: Likert scale and percentile statistics of Product Quality

Dimensions	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std. deviatio	N
Product Quality of Product Differentiation								
Always Provides High Performance Products.	20 (28.6)	36 (51.4)	6 (8.6)	6 (8.6)	2 (2.9)	3.94	.991	70
HATMPLC tire products are more durable.	27 (38.6)	31 (44.3)	9 (12.9)	3 (4.3)	-	4.17	.815	70
HATMPLC tire product features are desirable.	18 (25.7)	31 (44.3)	19 (27.1)	2 (2.9)	-	3.92	.804	70
HATMPLC products are serviceable.	29 (41.4)	29 (41.4)	9 (12.9)	3 (4.3)	-	4.20	.827	70
HATMPLC products are reliable.	25 (35.7)	33 (47.1)	8 (11.4)	3 (4.3)	1 (1.4)	4.11	.877	70
Valid N (list wise)	**23.8 (34)**	**32 (45.7)**	**10.2 (14.6)**	**3.4 (4.9)**	**0.6 (0.9)**	**3.92**	**0.863**	**70**

***Source**: Researcher, Survey Data (2021)*

From document review HATMPLC have the practice of inspection of all incoming inputs per the stated international quality standards. Furthermore, the company benchmarking and research analysis on selected international brand tires that are serving the local market the way HATMPLC do. The analysis and study made witnesses that HATMPLC products are competent in every aspect to the value propositions the company identified. The tests made both in house and field shows HATMPLC product have significant quality. The feedback on the HATMPLC product quality found positive and encouraging, which verifies the findings of the study on the dimensions of product quality. According to Ethiopian quality award assessment report information the case company's product performs follows international norms and regulation, at the same time considering the legal and technical requirements of the nation. The verification test made in abroad India and Germany testing centre certification shows HATMPLC product performance is up to the levels of international standards which have direct relations with the research findings.

4.5. Descriptive Statistics of Product Variety of Product Differentiation

In relation to the analysis of product variety have been measured using 5 questions which includes:- 74.3% of respondents agreed the provision of new product development per the needs of the customer with a mean of 3.9286 and standard deviation 0.74836 values. 61.5% of respondents agreed stocking of preferred product variants with mean 3.7143 and standard deviation 0.72518 values. 80% of respondents agreed provision of the right combination of product variety with mean 4.0000 and standard deviation 0.72232 values. 80% of respondents agreed on the production of customer preferred product specification with mean 3.9857 and standard deviation 0.78929 values and 74.3% of the respondents agreed the provision of demand based product selection with mean 4.0143 and standard deviation 0.95542 values.

Table 9: Likert scale and percentile statistics of Product Variety

Dimensions	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std. deviatio	N
Product Variety Descriptive Statistics								
Continuously develops new products per the needs and responses'.	15 (21.4)	37 (52.9)	16 (22.9)	2 (2.9)	-	3.928	.7483	70
Always have preferred product variant stock	9 (12.9)	34 (48.6)	25 (35.7)	2 (2.9)	-	3.714	.7251	70
Always have the right combination of product variety per customer demand.	16 (22.9)	40 (57.1)	12 (17.1)	2 (2.9)	-	4.000	.7223	70
Product selection bases customers' specification.	17 (24.3)	39 (55.7)	10 (14.3)	4 (5.7)	-	3.985	.7892	70
Product selection bases customers' demand.	25 (35.7)	27 (38.6)	13 (18.6)	4 (5.7)	1 (1.4)	4.014	.9554	70
Valid N(list wise)	**16.4 (23.4)**	**35.4 (50.6)**	**15.2 (21.7)**	**2.8 (4)**	**0.2 (0.3)**	**3.9282**	**0.7881**	**70**

Source*: Researcher, Survey Data (2021)*

The overall results of product variety differentiation shows, 74% of the respondents agreed, that HATMPLC provides product variants per the needs and preferences of its customers. Only, 15.2% and 4.3% of the respondents were neutral and did not share this view respectively with a mean of 3.9286 and a standard deviation of 0.55014 values.

From the Ethiopian Quality Award assessment report information, verified the findings, which states this last four years HATMPLC's more than 80% of its sales volume and revenue were generated from the newly developed products. Namely ISUZU, FSR, Bajaj tire, construction (Grader tire), industrial or lifting (Forklift), flotation tires, agriculture (farm tires), and radial tire for both passenger cars and light trucks. Furthermore the assessment report shows within four years of time the company has developed and launched more than 53 new quality products.

Furthermore from above mentioned documents information, HATMPLC produced a range of products and maintains stock at reasonable minimum quantity. This helps HATMPLC to serve organizational customers demand on time, and enables to deliver its commitment immediately. From experience most government organization purchase is more or less have seasonal nature, to meet such situation having reasonable number of products in stock is found important and prevalent to insure customer satisfaction. In addition, HATMPLC have a practice of developing new products as per the preferences of customers to solve their practical problems of customers, considering the topography of the operation area and the purpose of the machine. Like development of flotation tires for sugar cane carts, farm tire for agricultural machineries, modification/ customization of compound to resist rocky nature of dame project on 1200-20 NB 72 tire clearly substantiated the research findings on this dimension of product variety.

4.6. Descriptive Statistics of Product Guarantee Differentiation

In relation to the view respondents, that HATMPLC provision of product guarantees five questions forwarded accordingly 82.9% of respondents agreed presence of guarantee policy for defective products with mean 4.1714 and standard deviation 0.97760 values. 75.7% respondents agreed on the response of compliant handling with mean 3.9286 and standard deviation 1.01183 values. 80% of respondents agreed customer confidence increase due to guarantee policy with mean 4.0286 and standard deviation 0.84931 values. 77.2% of respondents agreed customers' choice of product due the presence of guarantee with mean 3.9429 and standard deviation 0.84931 values and 74.3% of respondents agreed consistency of the company provision of guarantee with mean 4.0143 and standard deviation 0.92459 values.

The overall result of provision of product guarantee differentiation shows, 78% of the respondents agreed, while 11% and 6.3% neutral and did not agree respectively with a mean of 4.0171 and a standard deviation of 0.72691 values.

According to HATMPLC guarantee policy document information, the company have uncommon practice in related to product guarantee provision by the other operators in the sector. The company have traceable warranty and claim policy. For any manufacturing and workmanship related cases, company offers a one year guarantee, from the date of sales of product to the user, for all products against any defect related with manufacturing. The compensation goes up to 100% replacement for the value of tire, replacement could be in equivalent cash or new tire, and this is worldwide practice. The procedure is very friendly and at ease for customers and response time is immediate as possible depending on the circumstance.

Table 10: Likert scale and percentile statistics of Product Guarantee

Dimensions	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std. deviatio	N
Product Guarantee of Product Differentiation								
Has guarantee policy for its defective products.	31 (44.3)	27 (38.6)	7 (10.0)	3 (4.3)	2 (2.9)	4.171	.9776	70
There is promptness in handling customers' complaints/claims.	21 (30.0)	32 (45.7)	11 (15.7)	3 (4.3)	3 (4.3)	3.928	1.012	70
Provision of product guarantee makes us confident on the product, since it is a signal of quality.	20 (28.6)	36 (51.4)	11 (15.7)	2 (2.9)	1 (1.4)	4.028	.8335	70
Guarantee policy increases the likelihood to be the chosen product.	17 (24.3)	37 (52.9)	12 (17.1)	3 (4.3)	1 (1.4)	3.942	.8493	70
Providing warranty for defective products consistently.	24 (34.3)	28 (40.0)	14 (20.0)	3 (4.3)	1 (1.4)	4.014	.9245	70
Valid N (list wise)	**19.2 (32.3)**	**32 (45.7)**	**11 (15.7)**	**2.8 (4)**	**1.6 (2.3)**	**4.0166**	**0.9194**	**70**

***Source**: Researcher, Survey Data (2021)*

Furthermore according to HATMPLC strategic plan document (2021) and Quality award assessment report (2021) information, the company have the practice of prompt complaints related to the product. Product industrliazation and quality assurance department in charge to do the detail analysis, which is supported by cut and structural analysis to pinpoint the possible cause of failure based on the clients complain the findings used as an input for product quality improvements. Subsequently, HATMPLC complaint handling established system address the comments, concerns, and complaints on products and service that it offers. Even if the company has unique practice on guarantee provisions to the consumers, its significance to sales performance not at expected the level and contradicts to the research finding, which might be poor communication and promotional activities of the case company.

4.7. Descriptive Statistics of After Sales Services Differentiation

Lastly, after-sales service of product differentiation measured with five questions and the responses of the respondents indicates, 91.4% of respondents agreed personnel friendly customer treatment with mean 4.3286 and standard deviation 0.71670. 70% of respondents agreed provision of easy platform for customer order with mean 3.8286 and standard deviation 0.97760. 68.6% of respondents agreed provision of fast delivery service with mean 3.8000 and standard deviation 0.84442. 75.7% of respondents agreed provision of training and consultancy with mean 4.0286 and standard deviation 1.00681 and 58.6% of respondents agreed provision technical support with mean 3.6714 and standard deviation 1.08643 values.

Table 11: Likert scale and percentile statistics of After Sales Service

Dimensions	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std. deviatio	N
After Sales Service of Product Differentiation								
Personnel are threatening customers friendly and with great care.	31 (44.3)	33 (47.1)	4 (5.7)	2 (2.9)	-	4.32	.7167	70
Have an easy ordering platform for the customers' to place an order with the company.	17 (24.3)	32 (45.7)	16 (22.9)	2 (2.9)	3 (4.3)	3.82	.9776	70
Provides fast delivery services.	13 (18.6)	35 (50.0)	18 (25.7)	3 (4.3)	1 (1.4)	3.80	.8444	70
Providing value added trainings and consultancy, on product usage to users.	27 (38.6)	26 (37.1)	10 (14.3)	6 (8.6)	1 (1.4)	4.02	1.006	70
Service provision on tire assembly and balance superiority.	18 (25.7)	23 (32.9)	20 (28.6)	6 (8.6)	3 (4.3)	3.67	1.086	70
Valid N(list wise)	**21.2 (30.3)**	**29.8 (42.6)**	**13.6 (19.4)**	**3.8 (5.4)**	**1.6 (2.3)**	**3.931**	**0.9262**	**70**

***Source**: Researcher, Survey Data (2021)*

The overall findings of after-sales service of product differentiation shows, 72.9% of the respondents agreed, that HATMPLC had provided after sales services to its customers that enhances the company's sales performance, while 19.4% and 7.7% of respondents were neutral and did not agree respectively with a mean of 3.9314 and a standard deviation of 0.64506 values.

Per HATMPLC strategic plan document (2021) and Quality Award assessment report (2021) information, the company works to insure proximity of distribution centres to its potential customers and product availability on time of need. To this end, the company assigns product distributors in all the regions, with credit facility and commission. Likewise, HATMPLC provide technical service to its customers before and after sales. The support includes advice on the customers tire management practice and ways of improvement, technical advice and training on the type of tires' and their technical specification: provision of professional advice on the tire assembly techniques and the necessary precaution measures to be taken on operation to get prolonged performance, ways of handling and storing in the warehouse, provision cost free tire assembly and balancing service.

Moreover the case company also provides sort of advise on the necessary action to be taken to protect the environment. It is not only for customers that this training has been provided, but for '*Gomistas*' to improve their skill in tire repair and customer service delivery on their shop, which have high significance for HATMPLC sales growth in the past five years which is highly related with the findings of the study.

Generally HATMPLC have unique practices from f its competitors like the value propositions of technical support, training, warranty, delivery service, value for money advantage of product, proximity and availability, cost free tire assembly services which have high significance of the maximization of its sales volume.

4.8. Sales Performance

Sales performance is a dependent variable and the finding obtained show that, quantitative measures and their degree of significance relationships with the independent variables of product quality, product variety, product guarantee and after sales services.

Table 12: Sales Volume in Type and Number

Product Type	2008 E.C	2009 E.C	2010 E.C	2011 E.C	2012 E.C	Average Growth
Bajaj Tire	16,646	69,923	103,720	134,623	160,461	76.2%
Farm Tire	10	1,013	1,865	2,821	3,291	48.1%
Flotation Tire			630	693	3,438	133.6%
Grader Tire		276	330	676	443	17.1%
Forklift Tire		383	74	306	937	34.7%
Light truck Bias Tire	137,922	170,951	197,864	201,481	177,482	6.5%
Light Truck Radial Tire		4,609	1,378	20,392	47,696	117.9%
Passenger Care Bias Tire	63,454	52,291	56,300	47,688	55,037	-3.5%
Passenger Care Radial Tire	17,636	14,704	17,862	11,247	6,692	-21.5%
Heavy Truck Bias Tire	32,519	26,983	16,855	9,782	16,399	-15.7%
Total Sales in number	**268,187**	**341,133**	**396,878**	**429,709**	**471,876**	**15.2%**

Source*: HATMPLC Strategic plan 2014 to 2018 E.C. document, (2021)* The overall sales performance result shows a mean value of 3.83 which is above the neutral value (3).

As stated in the company's strategic plan document (2021) and Quality Award assessment report (2021), the table presented below shows the sales performance growth of the company especially with the introduction of product differentiation, which are expressed on the defined variables of the company. The figure furthers displays the case companies sales performance growth due to its product diversifications and the realization of variant products of tire which have high demand by the market.

Generally the findings show HATMPLC have unique practices from f its competitors like the value propositions of technical support, training, warranty, delivery service, value for money advantage of product, proximity and availability, cost free tire assembly services which have high significance of the maximization of its sales volume.

According the strategic plan (2021/22 – 2025/26) document of the company, the market share growth in the past five years (2015 to 2019) is 11.4%, 10.7%, 12%, 14.5%, and 17.5% with an average yearly growth 13.2% consecutively. The reason behind market share growth is new products like 195R15, three type of Bajaj tire, 12type of farm tire, 2type of grader tire, HT Isuzu tire, forklift tires which has a significant shares of the sales performance.

Moreover, per the strategic plan of the case company (2021) and the Ethiopian quality award assessment report (2021) information, recently the new commercialized product sizes cover 74% of the company's total sell, which entails these new products developed per the spec and preferences of the customers which in turn bases on the demand of market. This brings a market shift from government which was 81.3% of the total sales of the company, now down to 17.1%. As a result it benefitted the company to capture a substantial portion of the market share. The brand shift of sales from the AT (old) brand to HT (new) brand made by investing at large scale on installation of new machineries, technology, HATMPLC able to introduced above 53 new products with different sizes in the last three years.

4.9. Correlation Analysis

Correlation coefficients take values between -1 and 1 extending from being negatively correlated (1) to uncorrelated (0) to positively correlated (+1). The sign of the correlation coefficient characterizes the course of the relationship. The absolute value shows the strength of the correlation (Gogtay & Thatte, 2017). According to Asuero (2006), a correlation result, which is zero, shows zero relationship. A result between 0.1 to 0.29 demonstrates little relationship among variables, a result from 0.3 to 0.49 indicates low correlation between variables, a result which is between 0.5 to 0.69 indicates a moderate correlation, a result from 0.7 to 0.9 shows high correlation among variables and a result from 0.9 to 1 shows very high correlation between factors.

Table 13: Correlation between PDS and Sales Performance

Correlations						
		PQ	PV	PG	ASS	SP
SP	Pearson Correlation	.488**	.549**	.534**	.549**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	70	70	70	70	70
**. Correlation is significant at the 0.01 level (2-tailed).						

Source*: Researcher, Survey Data (2021)*

Therefore, the research finding indicates that all the four independent variables (product variety, product guarantee & after sales service) have moderately positive correlation with the dependent variable. However, the correlation output indicate that product quality (r=.488, p<0.01) has weaker relation with sales performance compared with product guarantee (r=.534, p<0.01), product variety and after sales service each have a value of (r=.549, p<0.01). The summary of correlation analysis output presented on, the above table 12.

4.10. Testing of The Hypothesis

Hypothesis testing decides the acceptance of the assumption. It makes to determine based on a sample data, whether a hypothesis about population is likely to be true or false.

This study revealed that hypothesis one product quality has significant and positive relationship with sales performance. The standardize Beta coefficient of the two variables (product quality and sales performance) is 0.346 at 0.005 significance level. This indicates product quality has a positive and significant relationship with sales performance. Therefore, HATMPLC must realize that product quality of product differentiation strategy could have positive impact on sales performance. Hence, the student researcher fail to reject the null hypothesis that is provision of Product quality has a significant positive influence on sales performance.

This study further found out that hypothesis two, product variety has significant and positive relationship with sales performance. The standardize Beta coefficient of the two variables (product variety and sales performance) is 0.280 at 0.021 significance level. This indicates that product variety has a positive and significant relationship with sales performance. Similarly, the company should realize that product variety of product differentiation has positive significant impact on sales performance. Thus, the student researcher fail to reject the null hypothesis that is product variety of product differentiation strategy has a significant positive impact on sales performance.

The study also found out related with hypothesis three that, product guarantee does not have significant impact on sales performance of Key business customers and distributors. The standardize Beta coefficient of the two variables (product guarantee and sales performance) is 0.305 at 0.075 significance level. This indicates that product guarantee has not a critical effect on sales performance of Key business customers and distributors. Thus, the student researcher accepted the null hypothesis that is product guarantee of product differentiation strategy has no significant positive impact on sales performance.

Lastly, the study found related with hypothesis four that, after Sales Service of product differentiation strategy has the foremost and the highest variable influences significantly and positively in related with sales performance. The standardize Beta coefficient of the two variables (after sales service and sales performance) is 0.403 at 0.000 significance level. This indicates that, after sales service has a highest positive and significant relationship with sales performance. Subsequently, the company ought to deliver big consideration for after sales service since it has a critical and highest effect on sales performance. Accordingly, the researcher fail to reject the null hypothesis that after sales service has a significant positive effect on sales performance.

Table 14: Summary of Hypothesis Result

Hypothesis	Result	Significance Level	Reason
H1: PDS (product quality) is positively and significantly associated with sales performance.	Fail to reject the null hypothesis	.005	$\beta=0.346$, $P<0.05$
H2: PDS (product variety) is positively and significantly associated with sales performance.	Fail to reject the null hypothesis	.021	$\beta=0.280$, $P<0.05$
H3: PDS (product guarantee) is positively & significantly associated with sales performance.	Accepted the null hypothesis	.075	$\beta=0.305$, $P>0.05$
H4: PDS (after sales service) is positively & significantly associated with sales performance.	Fail to reject the null hypothesis	.000	$\beta=0.403$, $P<0.05$

***Source**: Researcher, Survey Data (2021)*

Therefore, according to the research finding, based on the p-value result, we can conclude that out of the four hypotheses three hypothesis have statistical accepted values. In addition, the standard Beta (β) value shows that ASS (β=0.549) has highest importance followed by PQ (β=0.488) and PV (β =0.455) respectively. The result is summarized in the below table 14.

4.11. Discussions of The Findings

The research finding illustrates that three independent variables (ASS, PQ & PV) are positively correlate with and have significant effect on the dependent variable (SP). The research findings are also mostly agreed and few indifferent from the previously conducted empirical researches, which are reviewed in this study. The research findings result might result from due to the application of product differentiation strategy determinant factors differences, emanated from nature, cultural dimension and geographical and economic conditions of countries where a company operates (Echeveste et al, 2017).

This study revealed that hypothesis one product quality has significant and positive relationship with sales performance. The findings in agreement with the investigation done by Joy et al (2013), Anthony (2018), Shammot (2011) and Coutler (2002), product quality for product differentiation has a significant impact on sales performance. Aqua and Isai (2006) studies shows the relationship between product differentiation strategies and organizational performance reported mixed results by industry and country. Furthermore, Abu-Aliqah (2012) in his study product quality with high quality and product design has positive significant effect on sales performance.

This study found out that hypothesis two-product variety has significant and positive relationship with sales performance. According to the research done by Anthony (2018) and (Huffman, 1998), also revealed that product variety of product differentiation has a significant impact on sales performance.

This study also found out related with hypothesis three that product guarantee does not have significant impact on sales performance of Key business customers and distributors. This finings contrasted with the findings of Choi (2006) explanations, consumers consider warranty as indicators of product excellence due to the fact they recognize that providing warranties are highly priced for companies.

Lastly, the study found related with hypothesis four that after Sales Service of product differentiation strategy has the foremost and the highest variable influences significantly and positively in related with sales performance. The findings aligned with the research done by Stalk et al (1992), Ethinanwo and Zaki (1996), Carpenter, Moore (2006) Sashi & Stern (1995) and Selden (2000) as well.

The difference in the findings might have attribution to the type of product differentiation strategy, the economic conditions and cultural aspects of the researcher's country and the population of the study participants. The majority of the reviewed empirical researches, which were consistent with the three hypothesis findings, conducted their researches on various manufacturing companies like water bottling, bank, retail market of cosmetics product etc. while Shafiwu and Mohammed (2013) on Petroleum Company and Ethinanwo and Zaki (1996) on automobile companies conducted their research respectively.

CHAPTER FIVE

5. SUMMARY, CONCULUSION AND RECOMMANDATION

5.1. Introduction

The chapter explains outline of the findings, the conclusions of the researched out problem, research objectives and research questions. Moreover, the chapter also gives recommendations to HATMPLC and other institutions in the tire industry. The chapter also prescribes the advance ranges of investigations.

5.1. Summary of the findings

Under chapter, four analyses were made on the gathered data from all returned responses using descriptive and inferential statistics tools to summarize the questionnaire.

The summarized output of descriptive analysis findings were, regarding to respondents type shows that the majority of the respondent with 92.1% distributors and business customers' placed in Addis Ababa respectively. 91.5% respondents worked more than 3 year with their respective organization. The purchasing budget of tire amounted to 1,000,000,000 birr yearly. In addition, the majority respondents' educational status who represented from the targeted business entity shows that 82.8% have BA degree and above, regarding to departments of respondent who work at sales, purchasing and logistics departments around 87.65%. Hence, the respondents have satisfactory knowledge of product differentiation of the case company.

The correlation analysis result depicts that with the exception of product guarantee, the three independent variables (product quality, product variety and after sales services) have positive and significant correlations with the dependent variable (sales performance) and have a significant impacts on sales performance. Furthermore, the value of R square was 0.468 indicates when product differentiation practices of the case company increase by one-step, the sales performance will also increased by 46.8%.

Accordingly, product quality has significant and positive relationship with sales performance. The standardize Beta coefficient of the two variables (product quality and sales performance) is 0.346 at 0.005 significance level. This indicates product quality has a positive and significant relationship with sales performance. Per the findings of the research sales performance was majorly affected by product quality of the company. This implies that the more product quality differentiation of the company enhances the better performance of the company.

Product variety has significant and positive relationship with sales performance. The standardize Beta coefficient of the two variables (product variety and sales performance) is 0.280 at 0.021 significance level. This indicates that product variety has a positive and significant relationship with sales performance. Per the findings product variety differentiation majorly affects sales performance of the company.

The study also found out that product guarantee does not have significant impact on sales performance of Key business customers and distributors. The standardize Beta coefficient of the two variables (product guarantee and sales performance) is 0.305 at 0.075 significance level. This indicates that product guarantee has not a critical effect on sales performance of Key business customers and distributors. This result does not match with research findings. As per the researcher experience and observation, this might happen since business customers and distributors sought product guarantee as a must activity of HATMPLC and they complaint exceedingly when nonappearance of quick arrangement of warrantee and felt normal when diligently existed. Lastly, after sales service of product differentiation strategy has the foremost and the highest variable influences significantly and positively in related with sales performance. The standardize Beta coefficient of the two variables (after sales service and sales performance) is 0.403 at 0.000 significance level. This implies that the quality of after sales service of the company positively affects and leads to the growth of the sales volume. Subsequently, the company ought to deliver big consideration for after sales service since it has a critical and highest effect on sales performance.

The general findings of the study showed a significant effect of all the three variables on sales performance except for product guarantee variable. The study found out that there was 46.8% of corresponding change in determining sales performance in HATMPLC's product differentiation for every change in the three predictor variables together. Test of overall significance of the three variables mutually, after sales service, product quality and product variety using ANOVA, at .05 level of significance found the model to be significant.

From the mean and standard deviations results of all dimensions (Product quality 4.0714 & 0.61483, Product variety 3.9286 & 0.55014 and after sales service 3.9314 & 0.64506) we can say that HATMPLC managers, distributors and Key business customers are more in between neutral and agreed with the product differentiation strategy. According to Akmaliah (2014) proposal a mean score of 3.80 and above are evaluated as high level of agreement. To this end, all the three independent variables have high level of agreements by the respondents.

5.2. Conclusion

The objective focus of this study was to examine effects of PDS on sales performance. Four hypothesis were developed based on the four independent variable (PQ, PV, PG & ASS) identified in the study. The hypothesis test result illustrates that the three independent variables have statistically significant effect on sales performance with the exception of PG, which have no significance impact on sales performance. Hence, the correlation analysis indicates that the three independent variables (PQ, PV & ASS) have positive relation with the dependent variable (SP).

According to the finding of the study, the researcher concludes that PQ, PV and ASS differentiation factors positively and significantly affects the company's sales performance, in Addis Ababa. Moreover, the researcher also concludes that ASS had the greatest effect on the dependent variable (sales performance) compared to product quality and product variety.

Organizations will get advantage in terms of improved understanding of factors that directly influence sales performance; furthermore, this day's businesses demanded such kind of product differentiation related operations vastly as customers' interest and desire has increased time to time and the competition very tight in this regard. Therefore, we can conclude that currently product differentiation strategy has a survival issue almost for all business organizations.

Moreover, Product variety is not on the level of distributors and the key business customers' expectation is becoming a source of not deciding their agreements and disagreements. Much more effort still required to meet the product reliability, desirability, performance, durability and serviceability in related with the product differentiation of product quality that maximize sales performance.

The research findings have managerial implications for the case company. It implies that the selected product differentiation success factors, which include PQ, PV and ASS have vital importance for sales performance of the case company. Therefore, the management of the case company should give more focus to product differentiation strategy, while developing new products, to increase their sales performance.

5.3. Recommendations

Horizon Addis Tire Manufacturing PLC ought to see forward in maximizing its product differentiation strategy to boost sales performance besides implementing of product differentiation strategy since the product differentiation strategy of product quality, product variety and after sales services have a significant impact as well on sales performance. Detail recommendations are drawn from the analysis and conclusions made. They are presented within the reference to factors affecting sales performance in the product differentiation domains.

Product Quality: HATMPLC ought to ascertain and keep up upgraded product quality measurements, which are the prevailing factors that affect sales performance significantly with beta value of 0.346. Hence the company product quality must be well tangible (standard, utilizing up to date technology and expats), reliable product quality is required for (Correct & defect free, done as promised). Hence, reliable product quality is a mandatory action to keep and maximize customer satisfaction.

HATMPLC should work more on quality by sourcing raw materials from providers who continuously screen and enhance the quality of the material provided. This would result in an increase overall returns, as the firm will be justified to charge above average market price due to the quality of product. Resource should be set aside for further research and development of products. Market research is important for any firm, especially in such times that call for greater market orientation. Market research could help firm to develop product differentiation strategies according to the actual needs of customers thereby increasing customer loyalty and satisfaction.

Product Variety: HATMPLC should provide extraordinary consideration in keeping its product desirable products stock, customer prescribed specification of development of products; need base and alternative product availability.

This infers that, an increase in product differentiation strategies through specific product attributes relevant to the competitors and variety of product to match the need of various customers. As the realization of truck and bus radial tire project would result to boost sales, performance since it has a high-unexploited market that could not be satisfied by imported tires with the prevailing factor of foreign currencies. As such, there is a need for firms to persistently develop new products at sensible costs utilizing materials that are unique.

After sales Services: The company should look forward in employing universal standard on its after sales services adjust itself at the level of international standards to get its clients fulfillment which empowers to improve the sales volume of the company.

Issues in related with workforce inviting treatment is also basic issue need to be addressed well and the company should concentrate in assigning staffs those have expertise knowledge and have a capacity to handle customer problems. This is a great deal could have a significant impact on sales growth through customer satisfaction.

Based on the researcher study plus as per the researcher observation and experience, responsiveness issues (easy platform like online purchase, prompt response, willingness/readiness to support clients) are exceptionally basic focuses required further consideration to meet customer's request. Fast response to clients is an imperative point beside readiness or willingness to support which in turn have significant effects on sales performance .

HATMPLC should work hard to adopt assurance of after sales services measurement. The company employees need to be engaged with aptitude and knowledge, well-mannered employees and could ascertain clients that they are safe in transactions.

Finally, the researcher recommends HATMPLC to give high focus so as to boost the sales performance particularly on after sales services measurement since the current business operation competitions and customer's dynamic demand required a profound focus on it. As per the researcher client involvement and perception, the sales operation is more or less sufficient enough, but the after sales services quality still requests high concentration by the management and employees as well to enhance sales performance.

5.4. Recommendation for Further Research

The researcher could not study satisfactorily on all areas of this topic. Therefore recommends the following areas for future investigations.

The researcher finds out after sales services factors for which could impact customer satisfaction at 46.8% level and other researcher could work on it to identify much more variables.

The research scope was managers, distributors and Key business customers located in Addis Ababa and other researcher could work on another customer category group and area of location to check the similarity and consistency of the research outputs.

The researcher not examined the dimension of effect of the provision of credit facility and long payback period for distributors and key business customers on sales performance of the company. From the researchers experience and the company's practice, this facility is one of the competitive advantages for HATMPLC over its competitors. That helps the company to establish long-term mutually beneficiary relationship with potential tire users and business undertakers that have its own effect on the growth of sales volume, which needs further research to measure its impact on sales performance.

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APPENDICES

Appendix 1: Questionnaire

ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE GRADUATE PROGRAM IN MARKETING MANAGEMENT

QUESTIONNAIRE TO BUSINESS CUSTOMERS

Dear Respondents,

I am pursuing academic research on the topic '**Effect of Product Differentiation Strategy on Sales Performance**' with special reference to Horizon Addis Tire Manufacturing PLC in Addis Ababa. The research requires collection of valuable inputs regarding from people who have worked or have experience of the issue.

This questionnaire is an attempt to solicit your opinions regarding product differentiation effect on sales performance of Horizon Addis branded tires and also seeking valuable suggestions to find ways and means for sales growth of the company. Therefore, I request you to kindly take out some times to fill the questionnaire. The information, view, and opinions expressed by you will be kept confidential and be utilized only for research purpose. Your contribution to the research is highly appreciated and acknowledged.

Address: Cell phone - +251-910-01-49-17
Email – wondiemlgt118@gmail.com

General Instructions:

- ✓ There is no need of writing your name or company name
- ✓ Please note that HATMPLC means Horizon Addis Tire Manufacturing PLC.

PART I: General Information

Instruction: Please put a tick (√) mark in the answer box corresponding to your response

1. What is your educational level?

☐ Certificate ☐ College diploma ☐ First Degree ☐ MA/MSC or above

2. In which department of the organization do you work?

☐ Purchasing ☐ Logistics ☐ Maintenance ☐ Administration Others_______

3. How long as a customer, have you been using the product of Horizon Addis Tire?

☐ Less than 3 years ☐ 3-5 years ☐ 5-10 years ☐ Above 10 years

4. Yearly purchasing amount in Birr's:

☐ 1Million ☐ 2-3 Million ☐ 3-5 Million ☐ More than 5 Million

PART II: To measure product differentiation effect on sales performance, please circle the appropriate number to indicate the extent to which you agree or disagree with each statement. Scale measurement: 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 =agree, 5 = strongly agree.

No	**Dimension**	**Strongly Agree (5)**	**Disagree (4)**	**Neutral (3)**	**Agree (2)**	**Strongly Disagree (1)**
PQ1	HATMPLC provides high performance products that meet customers' requirement/standard.	5	4	3	2	1
PQ2	HATMPLC tire products are durable.	5	4	3	2	1
PQ3	HATMPLC tire product features are desirable.	5	4	3	2	1
PQ4	HATMPLC products are serviceable.	5	4	3	2	1
PQ5	HATMPLC products are reliable.	5	4	3	2	1
PV1	HATMPLC continuously develops new products per the customers' needs and responses.	5	4	3	2	1
PV2	HATMPLC always have a stock on customers' preferred product variants.	5	4	3	2	1
PV3	HATMPLC always have the right combination of product variety that meets customers' standards.	5	4	3	2	1
PV4	Product selection is based on customers' specifications.	5	4	3	2	1
PV5	Product selection is based on customers' demands.	5	4	3	2	1
PG1	HATMPLC has guarantee policy for defective products.	5	4	3	2	1
PG2	There is promptness in handling customers' complaints/claims.	5	4	3	2	1
PG3	HATMPLC provision of product guarantee makes confident on customers' purchasing decision, since it signals quality.	5	4	3	2	1
PG4	The guarantee policy of the company increases customers' choice of using the products.	5	4	3	2	1
PG5	HATMPLC is consistent in the provision of guarantee for its	5	4	3	2	1

No	Dimension	Strongly Agree (5)	Disagree (4)	Neutral (3)	Agree (2)	Strongly Disagree (1)
	defective product.					
ASS1	HATMPLC personnel are threatening customers friendly and with great care.	5	4	3	2	1
ASS2	HATMPLC have an easy ordering platform for the customers to place an order.	5	4	3	2	1
ASS3	HATMPLC provides fast delivery services.	5	4	3	2	1
ASS4	HATMPLC provides training and consultancy that support its product usages.	5	4	3	2	1
ASS5	HATMPLC provides superior technical services of tire to its customers' on assembly and alignment balance.	5	4	3	2	1
SP1	A maximum level of selling/purchasing has done because of HATMPLC product variety that meets customers' requirements.	5	4	3	2	1
SP2	Record of selling/purchasing has maximized because of product quality of HATMPLC products.	5	4	3	2	1
SP3	A maximum level of selling/purchasing has achieved because of HATMPLC product manufacturing failure guarantee services.	5	4	3	2	1
SP4	A maximum level of selling/purchasing has achieved because of after sales services of HATMPLC customer support technicians and sales teams.	5	4	3	2	1
SP5	In the last three years, a maximum level of selling/purchasing has done because of HATMPLC product diversifications.	5	4	3	2	1

THANKS FOR YOUR COOPERATION!

APPENDIX 2: FINDINGS FROM RESPONDENTS Questions PQ1 to SP5

Table 4.3.1.1: Product Performance

Always Provides High Performance Products.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	2.9	2.9	2.9
	Disagree	6	8.6	8.6	11.4
	Neutral	6	8.6	8.6	20.0
	Agree	36	51.4	51.4	71.4
	Strongly Agree	20	28.6	28.6	100.0
	Total	70	100.0	100.0	

Table 4.3.1.2: Product Durability

HATMPLC tyre products are more durable.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	3	4.3	4.3	4.3
	Neutral	9	12.9	12.9	17.1
	Agree	31	44.3	44.3	61.4
	Strongly Agree	27	38.6	38.6	100.0
	Total	70	100.0	100.0	

Table 4.3.1.3: Product Features Desirability

HATMPLC tyre product features are desirable.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	2.9	2.9	2.9
	Neutral	19	27.1	27.1	30.0
	Agree	31	44.3	44.3	74.3
	Strongly Agree	18	25.7	25.7	100.0
	Total	70	100.0	100.0	

Table 4.3.1.4: Product Serviceability

HATMPLC products are serviceable.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	3	4.3	4.3	4.3
	Neutral	9	12.9	12.9	17.1
	Agree	29	41.4	41.4	58.6
	Strongly Agree	29	41.4	41.4	100.0
	Total	70	100.0	100.0	

Table 4.3.1.5: Product Reliability

HATMPLC products are reliable.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	1.4	1.4	1.4
	Disagree	3	4.3	4.3	5.7
	Neutral	8	11.4	11.4	17.1
	Agree	33	47.1	47.1	64.3
	Strongly Agree	25	35.7	35.7	100.0
	Total	70	100.0	100.0	

Table 4.3.1.2.1: Need Base Development of New Products

HATMPLC continuously develops new products per the needs and responses of its customers'.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	2.9	2.9	2.9
	Neutral	16	22.9	22.9	25.7
	Agree	37	52.9	52.9	78.6
	Strongly Agree	15	21.4	21.4	100.0
	Total	70	100.0	100.0	

Table 4.3.1.2.2: Stocking of Preferred Product Variants

HATMPLC always have a stock of its customers' preferred product variant.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	2.9	2.9	2.9
	Neutral	25	35.7	35.7	38.6
	Agree	34	48.6	48.6	87.1
	Strongly Agree	9	12.9	12.9	100.0
	Total	70	100.0	100.0	

Table 4.3.1.2.5: Demand Based Product Selection

Product selection is based on its customer demand.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	1.4	1.4	1.4
	Disagree	4	5.7	5.7	7.1
	Neutral	13	18.6	18.6	25.7
	Agree	27	38.6	38.6	64.3
	Strongly Agree	25	35.7	35.7	100.0
	Total	70	100.0	100.0	

Table 4.3.1.3.1: Presence of Guarantee Policy

HATMPLC has guarantee policy for its defective products.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	2.9	2.9	2.9
	Disagree	3	4.3	4.3	7.1
	Neutral	7	10.0	10.0	17.1
	Agree	27	38.6	38.6	55.7
	Strongly Agree	31	44.3	44.3	100.0
	Total	70	100.0	100.0	

Table 4.3.1.3.2: Prompt Compliant Handling

There is promptness in handling customers' complaints/claims.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	4.3	4.3	4.3
	Disagree	3	4.3	4.3	8.6
	Neutral	11	15.7	15.7	24.3
	Agree	32	45.7	45.7	70.0
	Strongly Agree	21	30.0	30.0	100.0
	Total	70	100.0	100.0	

Table 4.3.1.3.3: Product Guarantee Makes Confidence to Purchase

HATMPLC provision of product guarantee makes us confident on the product, since it is a signal of quality.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	1.4	1.4	1.4
	Disagree	2	2.9	2.9	4.3
	Neutral	11	15.7	15.7	20.0
	Agree	36	51.4	51.4	71.4
	Strongly Agree	20	28.6	28.6	100.0
	Total	70	100.0	100.0	

Table 4.3.1.3.4: Guarantee policy increases customers' choice of the product

HATMPLC guarantee policy increases the likelihood of its product being chosen.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	1.4	1.4	1.4
	Disagree	3	4.3	4.3	5.7
	Neutral	12	17.1	17.1	22.9
	Agree	37	52.9	52.9	75.7
	Strongly Agree	17	24.3	24.3	100.0
	Total	70	100.0	100.0	

Table 4.3.1.3.5: Consistency in the provision of guarantee

HATMPLC is consistent in the use of warranty for defective products.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	1.4	1.4	1.4
	Disagree	3	4.3	4.3	5.7
	Neutral	14	20.0	20.0	25.7
	Agree	28	40.0	40.0	65.7
	Strongly Agree	24	34.3	34.3	100.0
	Total	70	100.0	100.0	

Table 4.3.1.4.1: Personnel Friendly Customer Treatment

HATMPLC personnel are threatening customers friendly and with great care.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	2.9	2.9	2.9
	Neutral	4	5.7	5.7	8.6
	Agree	33	47.1	47.1	55.7
	Strongly Agree	31	44.3	44.3	100.0
	Total	70	100.0	100.0	

Table 4.3.1.4.2: Easy Platform for Order

HATMPLC have an easy ordering platform for the customers' to place an order with the company.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	4.3	4.3	4.3
	Disagree	2	2.9	2.9	7.1
	Neutral	16	22.9	22.9	30.0
	Agree	32	45.7	45.7	75.7
	Strongly Agree	17	24.3	24.3	100.0
	Total	70	100.0	100.0	

Table 4.3.1.4.3: Fast Delivery Service

HATMPLC provides fast delivery services.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	1.4	1.4	1.4
	Disagree	3	4.3	4.3	5.7
	Neutral	18	25.7	25.7	31.4
	Agree	35	50.0	50.0	81.4
	Strongly Agree	13	18.6	18.6	100.0
	Total	70	100.0	100.0	

Table 4.3.1.3.4: Provision of Training and Consultancy

HATMPLC provides training and consultancy its product usage that adds value users.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	1.4	1.4	1.4
	Disagree	6	8.6	8.6	10.0
	Neutral	10	14.3	14.3	24.3
	Agree	26	37.1	37.1	61.4
	Strongly Agree	27	38.6	38.6	100.0
	Total	70	100.0	100.0	

Table 4.6.5: Provision Technical Support

HATMPLC provides superior services of tyre assembly and alignment balance.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	4.3	4.3	4.3
	Disagree	6	8.6	8.6	12.9
	Neutral	20	28.6	28.6	41.4
	Agree	23	32.9	32.9	74.3
	Strongly Agree	18	25.7	25.7	100.0
	Total	70	100.0	100.0	

Table 4.3.1.2.4: Customer Preferred Product Specification

Product selection is based on customer specification.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	4	5.7	5.7	5.7
	Neutral	10	14.3	14.3	20.0
	Agree	39	55.7	55.7	75.7
	Strongly Agree	17	24.3	24.3	100.0
	Total	70	100.0	100.0	

Table 4.3.1.2.3: Combination of Product Variety

HATMPLC always have the right combination of product variety that meets its customer demand.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	2.9	2.9	2.9
	Neutral	12	17.1	17.1	20.0
	Agree	40	57.1	57.1	77.1
	Strongly Agree	16	22.9	22.9	100.0
	Total	70	100.0	100.0	