



**ST. MARY'S UNIVERSITY,
SCHOOL OF GRADUATE STUDIES
DEPARTMENT OF MARKETING MANAGEMENT**

**THE EFFECT OF SERVICE MARKETING MIX ON SALES
PERFORMANCE: THE CASE OF OROMIA INSURANCE COMPANY,
ADDIS ABBA**

**BY
SAMUEL TAYE**

**JUNE 2021
ADDIS ABABA**

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APPROVAL SHEET

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DECLARATION

I, the undersigned, declare that this thesis “THE EFFECT OF SERVICE MARKETING MIX ON SALES PERFORMANCE IN THE CASE OF OROMIA INSURANCE COMPANY IN ADDIS ABABA” is my original work, prepared under the guidance of Ephrem Assefa (Ph.D.). All sources of materials used for this thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or full to any other higher learning institution for the purpose of earning any degree.

Name

St, Mary’s University, Addis Ababa

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June 2021

ENDORSEMENT

This thesis entitled “*The Effect of Service Marketing mix on Sales Performance: The Case of Oromia Insurance S.C, Addis Ababa*” has been submitted to St. Mary’s University School of Graduate Studies for examination with my approval as a University advisor.

Advisor

St, Mary’s University, Addis Ababa

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June 20

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ABBREVIATION AND ACRONYMS

ANOVA:	Analysis of Variance
CIM:	Chartered Institute of Marketing
OIC:	Oromia Insurance Company
SD:	Standard Deviation
SPSS:	Software Package for Social Sciences
VIF:	Variation Inflation Factor
3Ps:	People, Process and Physical Evidence
4Ps:	Product, Price, Promotion and Placement
7Ps:	Product, Price, Promotion, Placement, people, process and Physical Evidence

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ABSTRACT

The aim of this study is to investigate the effects of service marketing mix elements on sales performance in the case of Oromia Insurance Company. To achieve the study objectives, explanatory research design along with quantitative approach was applied. A sample of 253 employees of Oromia Insurance Company was selected through stratified random sampling method. Survey questionnaire was used to collect primary data and a total of 241 valid responses were obtained for analysis. SPSS version 20.0 was used to process quantitative data. Both descriptive and inferential analyses were used to attain the intended objectives. The results of regression analysis, showed that all the seven dimensions of service marketing mix elements namely product, price, place, promotion, people, process and physical evidence had positive and significant effect on sales performance of Oromia insurance company in Addis Ababa. Price had relatively the highest effect on sales performance ($B=0.288$, $p < .05$) followed by place ($B=0.192$, $p < .05$) and product ($B=0.130$, $p < .05$). Whereas, physical evidence ($B=0.094$, $p < .05$) and promotion ($B=0.056$, $p < .05$) showed the least effect. Therefore, the results of this study revealed that service marketing mix elements have positive and statistically significant effect on sales performance of Oromia insurance company. Thus, it can be recommended that the organization should work on its service marketing mix elements in order to improve its sales performance.

Keywords: Service marketing mix elements, Oromia Insurance Company, Sales Performance.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Effective utilization of insurance marketing strategies can take any insurance firm to success. In today's competitive market, devising sound strategy is a key to cope up with the competition. Marketing strategy has become important tool for any organization to remain in the competitive market environment and be stronger. Aremu and Lawal (2012) see strategy as a pattern of resource allocation decisions made throughout an organization. This encapsulates both desired goals and beliefs about what is acceptable and most critically unacceptable means for achieving them. Strategy implies that the analysis of the market and its environment, customer buying behavior, competitive activities and the need and capabilities of marketing intermediaries.

Marketing strategy, therefore, can be defined as a method by which a firm attempts to reach its target markets. It starts with market research, developing the vision about the market(s), selecting market targets strategies, design positioning strategies, setting objectives and implementing the marketing programs to meet the value requirements of the target markets (Mustapha, 2013). It is a logic which customer needs, attitudes and competitors' products are assessed and continues through into advertising, promotion, distribution and where applicable, customer servicing, packaging, sales, and distribution. Marketing strategy must focus on delivering greater value to customers and the firm at a lower cost (Chiliya, Herbst, and Roberts, 2009). Owomoyela, Oyeniyi, and Ola (2013) also define marketing strategy as the way of providing a quality product that satisfies customer needs, offering affordable price and engaging in wider distribution and back it up with effective promotion strategy. Marketing strategy is a vital prerequisite of industry's ability to strengthen its market share and minimize the impact of the competition.

According to Kotler (1999), marketing strategy is the marketing logic by which the business unit hopes to achieve its marketing objectives. It is an endeavor by a corporation (or any

organization) to differentiate itself positively from its competitors, using its relative corporate strengths to better satisfy customer needs in a given environmental setting (Subhash, 1999).

For an organization, target consumers are at the center of the marketing strategy. The company identifies the total market it wants to serve and divides it into smaller segments. It then selects the most promising segments and focuses on serving them. It designs a marketing mix using mechanisms under its control: product, price, place, promotion people and process. It also engages in marketing analysis, planning, implementation, and control in order to find the best marketing mix and to take action. The company uses these activities to enable it to watch and adapt to the marketing environment (Kotler, 1999).

Though there is increasing empirical evidence on the effect of marketing strategies on performance in developed markets, much attention has not been given. Marketing managers develop and implement strategies with the intention to improve the performance of their bank. Marketing academics study the relationships between strategies and performance with the aim of formulating guidelines about the effectiveness of strategies. Both managers and academics try to find out which strategies under which circumstances may improve to what extent the company's performance (Huzingh and Zengerink, 2001). For that reason, it would be of both theoretical and managerial interest to study the effect of marketing strategy and see the relationship between marketing strategy and sales performance of insurance companies. Hence, this study was carried out to examine the effect of service marketing mix elements on the sales performance of Oromia insurance company.

1.2 Background of the Organization

Oromia insurance company (OIC) obtained license on 26th January 2009 to carry out general insurance business and commenced operations on 9th February 2009. OIC was established by 540 founding shareholders with paid-up capital of birr 26 million and subscribed capital of birr 85 million. In a view of reaching out low-income farmers, OIC launched micro insurance products (crop insurance & livestock insurance) in 2010. The company also commenced life insurance in 2012. OIC is currently providing complete and dependable insurance services under one roof: life, non-life, micro insurance and agricultural insurance. The company is fast growing insurance company and currently it has 44 branches and 7 contact offices in different

part of the country, through which it carries out non-life, life and micro insurance which is the first of its kind.

It is an innovative company that transacts all classes of insurance under one roof. With a vision of “To be a leading insurer”, it has a mission of rendering efficient insurance services at competitive prices by using up-to-date technology and trained manpower to fully satisfy all its stakeholders. Its core values refer to customers are considered as lifeblood, employees are our most valued assets, committed to service excellence, acts with honesty, integrity and loyalty, dedicated to new products development and uphold professionalism(Oromia Insurance Company, Annual Report Book, 2020).

1.3 Statement of the Problem

The insurance industry in Ethiopia is at its infancy stage with inefficiently exploited market opportunities despite various challenges. The continuous and fastest growing economic development, inflow of foreign direct investment in different sectors, government protection from foreign insurance investment in the country, law enforcement of compulsory vehicles insurance against third party proclamation, nearly a million of existing policyholder and the induction of around 30,000 new motor vehicles every year in the transportation system make the industry more attractive for investment (National Bank of Ethiopia, 2019). This implies that the escalation of business transactions promotes properties and liabilities to be insured and create lucrative market for insurance companies. However, the industry suffers from lack of sound service provision lagging way behind customers’ expectation (Temesgen, 2015).

It is a common thing to hear people remarking that insurance companies are quicker to receive premium but slower in other services such as claims settlement in particular. There are also complaints of misleading information in their insurance policy flooded with full of legal jargons in favor of the company (Emanuel, 2016). As a result, clients are lured into buying policies they do not understand or contents not well explained during the contract. But once the insured claims indemnity, the customer could easily identify or understand that insurance companies are literally bureaucratic to settle the claims and deduct from 15% - 25% of the total coverage for irrational reasons, though stated on the insurance policy. According to Surman (2019), such practices are common in almost all developing countries’ insurance

industry in particular. Such misunderstandings push policyholders to revise their decision to stay to same insurance company or switch to other insurer easily.

Studies have been conducted on marketing mix strategies of insurance companies to mitigate issues of customers' complaints regarding claim settlement.

Auboin & Engemann (2013), in their study, tried to show the most important thing in insurance industry were how to sell the product with the suitable price, the best way to promote it and the strategic place of the service outlet and needs to know how customer's reaction to the main offices/ branches' locations whether the outlets will work efficiently and sufficiently. Similarly, Surman & Mrqash (2017) conducted a study on the importance of service marketing mix in improving insurance services. It aimed at shading the light to the importance of marketing in insurance companies in the light of liberating insurance marketing from competition between public and private insurance companies. However, Monday (2011) argued that insurance companies in developing countries are working for seller market which underestimates the openness of competitive market. This made insurance companies develop the methods of promoting and providing their services in a similar fashion rather than giving due consideration for increasing marketing efforts according to customers' actual demands.

Same token, Ethiopian private insurance industry is not as such different from other similar companies in developing countries. Aynalem (2017), on his study on the effective marketing mix strategies on sales performance, the findings revealed that insurance companies usually spent huge investment on media advertising and offering lower premium service charge to attract new customers and retain the existing ones to maximize their sales performance. However, inconsiderable service charges, congested different insurance offices at similar neighborhood, unappealing media advertising and undifferentiated service offerings could be taken as a lack of due consideration for effective marketing mix strategy implemented by insurance companies so as to address the actual needs and wants of the customers (Mandil, 2008). However, Sahin (2019) argued that insurers often focus merely on traditional 4Ps rather than relying on strong relationships with loyal customers to help them compete that requires a strong focus on the basics of effective marketing.

According to Niharika (2017), marketing mix elements are a set of controllable marketing variables that are combined in target market by a company in order to stimulate desired

reaction. Determination of the marketing mix elements that significantly influence purchase decision of policy-holders is very important for insurance marketers to design and implement effective service marketing mix strategy as a competitive advantage to exceed customer expectation.

Because Insurance product is ‘an experience good’ that is one for which “product characteristics such as quality or price are difficult to observe in advance, but these characteristics can be ascertained upon consumption (Shameem & Gupta, 2012).

It can be taken as a conceptual framework that identifies the principal sales performance that marketers make in configuring their offerings to suit consumers’ needs results in escalating sales volume, achieve sales target and sales growth at large. Moreover, Booms and Bitner (2019) had modified and expanded the traditional marketing mix elements from 4Ps (product, price, promotion and placement) to become 7Ps by adding another three new Ps which are people, process and physical evidence. These new marketing variables are fundamental marketing variables for the success of any service company. Consequently, the effect of marketing mix practices on the sales performance of an organization is suffered from inconsistency of findings in regards to studies especially in particular insurance businesses’ context (Akwaya, 2005).

This study investigates the effect of marketing mix practices on sales performance. It aims to investigate the impact of both normal (4Ps) along with extended marketing mix elements (3Ps) on sales performance of Oromia insurance company. It fills the gap of empirical literatures regarding the inconsistency of findings of insurance companies.

1.4. Research Questions

1.4.1. Main Research Question

To what extent do Service Marketing Mix elements affect Sales performance of Oromia Insurance Company?

1.4.2. Sub-Research Questions

The study tried to answer the following specific research questions:

- To what extent does product affects sales performance of OIC?
- To what extent does price affects sales performance of OIC?

- To what extent does place affects sales performance of OIC?
- To what extent does promotion affects sales performance of OIC?
- To what extent does people affects sales performance of OIC?
- To what extent does process affects sales performance of OIC?
- To what extent does physical evidence affects sales performance of OIC?

1.5 Objectives of the Study

1.5.1 General Objective

The general objective of this study was to investigate the effect of service marketing mix elements on sales performance in the case of Oromia Insurance Company in Addis Ababa.

1.5.2 Specific objectives

To attain the general objective, the following specific objectives are addresses:

- i. To investigate the effect of product (insurance service) on sales performance
- ii. To analyze the effect of price (premium) on sales performance
- iii. To evaluate the effect of promotion on sales performance
- iv. To investigate the effect of place on sales performance
- v. To investigate the influence of people on sales performance
- vi. To analyze the effect of process on sales performance.
- vii. To investigate the effect of physical evidence on sales performance

1.6 Significance of the Study

Insurance is the key component of economic development in countries due to its rule in enabling some financial activities that prevent from financial risks (Arkel, 2011). Starting form that, the researchers hope that the results of this study may contribute in the future in achieving important aspects related to identifying services marketing mix dimensions and their effect on attracting customers and retaining them as an application on Ethiopian private insurance companies.

The results of this study findings may contribute for Oromia insurance company in an understanding of the service marketing mix elements that determine insurance sales performance. Besides, hence being able to be customer oriented by focusing on the needs and requirements of customers. Thus, to set feasible or effective marketing mix strategies for

growing the business widely. Additionally, it will help to determine factors that are more important and focus on those factors in order to satisfy the existing and potential customers so as to be profitable.

Furthermore, the findings from this study will serve as an input for those who need to get information which insurance services are more important in their day-to-day life. That means, customers will benefit from better service provision. Finally, it will provide insight for other researchers and the findings of the study will be used as a reference to conduct research in similar or related fields.

1.7 Scope of the Study

The scope of this study is limited geographically, conceptually and methodologically to manage it within the existing resources (time, finance, COVID-19 debacles).

Geographic - The scope is limited to Addis Ababa as almost 65% of OIC branches are located in the capital city. Due to the homogenic nature of the insurance service in the country, taking Addis Ababa city the place where OIC's head-office is located. Since insurance policyholders in the city accounts for 84% of the total population of insurance policyholders in the country.

Other customers out of Addis Ababa or other regional states were excluded intentionally as they would be represented by policyholders in the capital city.

Conceptual - There are a number of other factors that affect sales performance in OIC. For instance, factors that potentially affect policyholder's purchase decision are previous reputation of the insurance, corporate brand image, customer satisfaction, demography and the likes. But, in this study, only service marketing mix elements in terms of product, place, price, promotion, people, process and physical evidences are taken as an independent variable that accounted for variation in sales performance of the company.

Methodological - This study also targets only OIC despite there are government owned and other private insurance companies operate in the city. The unit of measurement was data taken from marketing, sales and finance staffs of OIC. Policyholders such as marine, life and other insurance service were excluded intentionally as they are out of the scope of this study.

1.8 Organization of the Study

This study is organized into five main chapters. The first chapter refers introduction of the study which includes the background, the problem statement, the research objectives, significance and scope of the study. The second chapter focuses on literature review. It contains relevant theories, conceptual and empirical discussions leading to identification of research gaps and the conceptual framework. The third chapter presents the research design, target population, sampling methods, sample size, data collection instruments to be used as well as method of data analysis and presentation. The fourth chapter presents demographic characteristics, descriptive and inferential statistics analysis, findings and their interpretations. The last chapter consists summary of major findings, conclusions and recommendations of the research study.

CHAPTER TWO

REVIEW OF THE RELATED LITERATURE

2.1 Theoretical Review

2.1.1 Concepts of Marketing Mix

Marketing is a set of steps that deliver value that could be remembered by customers and can create a relationship with customers as well as providing benefits to the organization (Armstrong & Kotler, 2011). Bay, Petrizzi and Gill (2008) confirmed that when organizations apply marketing mix in their business, it will help to increase sales and profits of their organization, hence, achieving their marketing target. Elements in marketing mix; namely, product, price, place, and promotion (4P's) are the controllable tools that will contribute to customers' purchase decision and satisfaction after consumption (Shankar & Chin, 2011, Sable, 2013).

In marketing, there are several elements that become the base foundation of every company. "The Marketing Mix is the set of tactical marketing tools - Product, Price, Promotion, and Place - that the firm blends to produce the response it wants in the target market" (Kotler and Armstrong: 2012). According to McCarthy in the book that is edited by Kotler and Keller (2012) said McCarthy classified various marketing activities into marketing-mix tools of four broad kinds, which he called the four Ps of marketing: product, price, place, and promotion.

Each firm strives to build up such a composition of 4P's, which can create highest level of consumer satisfaction and at the same time meet its organizational objectives. They are connecting to each other. One element's lost then a company can't even continue the business, having problem while doing the business, or even start the business. The example is the product that is ready to sell to the market, the price is already set that suitable and reasonable to the market, the place is already done but not a strategic place, and unfortunately less of promotion so the product will have a problem to deliver it from producer to consumer.

Authors such as Stanton, Etzel & Walker (1991); McCarthy & Perreault (1993); and Kotler & Armstrong (1997) agree that the traditional marketing mix has been defined as a set of controllable instruments to manage the uncontrollable and dynamic marketing environment

and consists of four major elements ("Ps"): price, product, promotion or marketing communication, and place (distribution). On the other hand, McCarthy's original classification (of the 4Ps) is especially useful from a pedagogical point of view. "Nevertheless, the feeling remains that some other classification, still to be born, will develop better conceptual distinctions among the large variety of marketing decision variables" (Kotler, 1989).

2.1.2 Criticism against McCarthy's 4P-Model

Other criticism against McCarthy's 4P-model exists. According to Liswood (1987) and Grönroos (1994) the 4Ps focuses on consumer acquisition. Acquisition is important, but marketing emphasis has to move to the retention of consumers and managing customer loyalty - an important application to service marketing is that consumers might be aimed at increasing loyalty.

According to Donath (1991), there is an overemphasis on price and product as marketing instruments and an under-emphasis on place and promotion. A danger exists that organisations will therefore make a misallocation of organisational resources between the four marketing mix instruments (Chintagunta & Vilcassim, 1994). The 4Ps of McCarthy was acceptable in the past but increasing criticism places the need to review and extend McCarthy's model (Waterschoot & Bulte, 1992).

Waterschoot & Bulte (1992) did an evaluation on McCarthy's 4Ps and suggested a new classification which can be applied more effectively for theoretical development, empirical research and management decision-making. The basic findings of their evaluation are the marketing mix consists of a basic mix (product, price, distribution, and communication). The communication mix consists of mass communication, personal communication, and publicity instruments or elements; and a promotion mix which consists of a product promotion mix, a price promotion mix, a distribution promotion mix, a mass communication promotion mix, a personal promotion mix, and a publicity promotion mix. These views indicate some discomfort with McCarthy's traditional 4Ps-model. One of the possibilities might be that the Ps need to be extended to enable management to adapt quicker to a fast-changing environment.

2.1.3 A New Paradigm in Marketing

Kotler (1992) coins the idea of “a new paradigm” in marketing - he emphasises that organisations need to practice “wrap-around marketing”, which encompasses both getting and retaining customers. Organisations should therefore build stronger relationships with their profitable customers. Grönroos (1994) strengthens Kotler's suggestions by arguing that trends in business and modern research into industrial marketing, services marketing and customer relationship economics, demand a relationship-oriented approach to marketing. These views could be of relevance to service marketing.

Pruden (1995) commented a while back that retention marketing has yet to progress beyond a topic for articles and speeches. The additional 3Ps seem to mainly include aspects such as customer service and long-term relationship building. An analysis of earlier editions of basic marketing texts such as Kotler (1988); Marx & Walt (1990); and Kotler & Armstrong (1990) reveal that in the past authors focused on integrating the four basic marketing instruments through an acquisition focus. Since the mid-nineties Kotler (1994) and McCarthy & Perreault (1995) have included chapters and sections on relationship marketing (retention focus).

It consists of the various elements of a marketing programme which need to be considered in order to successfully implement the marketing strategy and positioning in the company's market. It is the important internal elements or ingredients that make up an organisation's marketing programme (Payne, 1993). Booms and Bitner (1981) had modified and expanded the traditional marketing mix elements from 4Ps to become 7Ps by adding another three new Ps which are people, process and physical evidence. These new marketing variables are fundamental marketing variables for the success of any service company.

2.1.4 Elements of the Service Marketing Mix

Due to the strong development of other marketing applications new dimensions such as services marketing originated that should not be ignored. The 4P-model should not only apply to product and/or production organisations, but should therefore also apply or be modified to address non-product activities such as services and sport. The retail marketing mix is another application that comes to mind when revisiting the marketing mix - there is no real agreement in marketing texts on whether a different mix exists in retail marketing strategy and practices.

It must be pointed out that a marketing application field is regarded as a specialised derivation of the traditional marketing approach. For example, the marketing of services is a derivation of traditional marketing but the focus of marketing strategy has been adapted to fit the specific characteristics of services such as intangibility and heterogeneity. The same would apply to sport marketing where the marketing situation differs from that of services marketing but many similarities exist such as the relative intangibility of sport as a product.

Mitchell (1991) says that “marketers have been groping towards a bigger whole - they increasingly cross over into other functional specialisms”. This is perhaps one of the reasons why marketing texts differ on the exact composition of the marketing communication mix. Mitchell (1991) adds that marketers are also more and more concerned by the way the whole organisation presents itself to its different stakeholders. It can, therefore, be expected that corporate and brand image might be important sponsorship objectives and that the functional cross-over will increasingly overlap between marketing and public relations.

This "groping" contributed to the proliferation of a conglomerate of “Ps” because in many application fields additional marketing mix instruments have been developed to suit strategy implementation and to make the application of marketing strategy more suitable to the specific marketing situation in a given field or industry. A case in point is Mullin (1993) who have added promotional licensing to the promotion mix and public relations as a separate “P” to the four traditional “Ps” in an attempt to define a service marketing mix. Collier (1991) warns though, that any additional Ps should have to broaden management perspectives towards a wider spectrum of service delivery and product augmentation.

Newer marketing concepts are forcing marketers to realise that traditional marketing methods are no longer as effective as they used to be, and the search is on for new and more appropriate methods. Internet marketing and relationship marketing are some of the most talked about “new concepts” judged by the increasing number of research reports in reputable academic journals. Shani & Chalasani (1993) argue that the 4P-model suddenly seems to be outdated.

The lack of agreement on the composition of the marketing mix and the fact that it was developed for tangible products are important factors which have probably led to the

proliferation of a large number of additional marketing mix elements (e.g., people, process and physical evidence for services marketing).

A literature study was done to identify the existence of a possible service marketing mix. The rationale was that if such a mix existed, the contextualisation should be examined to determine relevance to a specific marketing thought and to serve as a foundation for applied research.

2.1.4.1 People

People mean the services provider in an organization (Kotler, 2004). According to Zeithaml and Bitner (1996), people are all humans who play a role in service delivery and who influence the perceptions of customers. People are the Service delivery employees (front-line staff), the general staff of the service company, the other customers that take part in the service production and delivery process. Personnel are keys to the delivery of service to customers. Achievement of a customer-orientation is not possible if there is no cooperation coming from the personnel (Judd, 2001). The term service encounter is used to denote person-to-person interactions between a customer and an employee of an organisation during the purchase of a service (Bitner, 1994).

2.1.4.2 Process

These are the activities that occur during the consumption of a service. In addition, process was defined by Zeithaml and Bitner (1986) as the actual procedure mechanisms and flow of activities through which a service is delivered. They also grouped a process in dimensions which includes length, duration and logistical effective. Under length, Zeithaml and Bitner (1986) explained as the number of steps that participants have to follow in order to affect service delivery, duration is the time that elapses from the first to the last activity of the service delivery process and logistical effectiveness being the degree of smoothness in the flow of the steps of the service delivery process. The delivery of the service can be done in-person or through electronic gadgets like machines, phones and others. It is important that the service provider offers the best to the customers because a negative delivery of a process may affect the overall effectiveness of the process. It also considers how quick service transactions can be executed but at the same time considering the quality of the final delivery.

An insurance company that has to create competitive advantage through efficient and effective processes has to be robust enough to automatically send reminders to customers when premiums are due and when policies are also due for renewal. All services need to be underpinned by clearly defined and efficient processes. This will avoid mix-up and promote a consistent service. In other words, processes mean that everybody knows what to do and how to do it (Stead, 2010).

In the insurance industry, the process should be customer friendly, easy and convenient to the customers. The speed and accuracy of payment is of great importance. In order to provide high levels of service quality and therefore create value for customers, service organizations need to explain the delivery of their services and ensure the successful implementation of actual plan. For this reason, good planning and effective implementation of the developed delivery plans are key factors for service delivery systems.

2.1.4.3 Physical Evidence

Physical evidence refers to the tangibles and intangible that services provide to a customer. Lovelock and Wright (2001) describe physical evidence as environment, appearance of buildings, staff member, materials and other visible cues all provide tangible evidence of a firm's service style and quality. Boom and Bitner (1981) explained that physical evidence is of relevance to the retailers or to those who maintain premises from which a service is sold or delivered. Conclusively, the researchers might say physical evidence are the tangibles of a services, those that have an impact on the effectiveness of the service which might include the environment used that is the building in which insurance business operates in the case on the research. Physical evidence is an element that can be easily associated with the product by the customers. Ideally, service companies should create physical evidence to build environments that appeal to the pleasure and arousal states, and stay away from creating atmosphere that create submissiveness (Hoffman, 2006).

2.1.5 A comparison of Product vs. Service Marketing

Most physical and tangible products are accompanied by several service elements as part of the product's offer. Hotels are classic examples in this case. A hotel's rooms offer a kind of service and customers also eat food and use hotel's cafe. A large part of our discussion concerns net services. Net services are defined as intangible activities and advantages which

satisfy customers' demands without owning a service or product. This definition includes services like insurance policies, stock brokers and so on. We, intentionally, emphasize on net services because we want to understand special features of services so that we can conduct marketing activities in a better manner (Parsons, 2000).

Products and objects marketing activities are tangible and marketing mix elements (product, price, place and promotion) are conducted in market environment and customers satisfy their needs after they know about products and firms supply.

However, service or software marketing activities is not limited to the above activities and requires more factors. This is because a product is a tangible object while this is not true about services. Secondly, a product passes special stages and its pricing system is clearer but services don't have clear criteria or units for measurement. Thirdly, marketing flow in products is demand side and marketing flow for services is supply side. Therefore, in addition to the mentioned elements in product marketing mix, there is another factor called interaction in the center of the above factors which in fact plays a communication role and these factors are particularly important in banks and insurance companies.

In most service firms like banks, hotels, insurance companies, aviation corporations and ..., employees' service quality, their training, their commitment to providing service for customers and things like that are more important than other factors like price, advertisements, information and other features in development and success of the firms. In such firms, mutual relationship between employees and customers causes customer satisfaction, purchase repetition and increase in corporate profitability. This, in the long run, brings competitive advantage for the service company and increases competitive power (Tehrani, 2007).

2.1.6 Concepts of Sales Performance

Sales performance is the extent of the quantity of products sold or services sold in the regular operations of an organization in a specified period. It is the amount of goods sold in number or quantity of units throughout the regular working times of an organization. Sales performance is the addition of number of aspects consists of returns, gross sales, delayed shipments, delayed billings and credit memos as defined by Haskell (1980). He gives the subsequent directory of sales activities for victorious salespeople: selling, entertainment,

working with distributors, be present at meetings, working with orders, servicing goods, servicing accounts, training and recruiting, travel, and communication/information. It is also mentioned that the performance procedures functioning at varied times are not greatly connected and the relations between various performance procedures are not powerful (Neema, 2017).

A different set of criteria mentioned by Campbell (1990) include 10 elements which are customer relations, sales volume and ability to achieve quotas and management of expense accounts, company knowledge and product understanding, customer information and competitor comprehension and time management and planning that are significant for sales performance. From another point of view, his checklist can be successfully summarized to four mainly objective performance measures such as yearly sales volume, customer relations, profit growth and gross profit per sale. But, accomplishing significant outcome through higher sales growth, sales volume and profit is believed to be tricky for most companies, in that, customers often use price as quality signal. This makes it complicated to accomplish perception of both high quality and low price that have direct attitude with volume of sales, growth in sales and profit.

Al-Rfou (2015) conducted a study on Competition and Organizational Performance: Empirical Evidence from Jordanian Firms. The study surveyed 33 industrial firms listed at Amman Stock Exchange by the beginning of 2010. The result of multiple regression analysis indicated that the intensity of market competition had a positive strong effect on organizational performance of such companies. This result, however, is expected as Jordanian companies have faced intense competition lately due to attractive investment climate of Jordanian market. The study was a quantitative approach study which aimed at industrial sector of Jordan hence further research can be conducted on other sectors in other countries since the results from the study cannot be concluded. Neema (2017) focused on the evaluation of the connection between competition and management accounting systems change and performance of companies.

The study carried out measurement samples with 120 questionnaires from accounting managers and experts in production companies accepted in Tehran stock exchange valuable papers and also the service companies of three foods, health and make up and dress

companies. By using correlation and regression method, the research assumptions were tested. The result showed that change is the most effective factor between competition and company management. The results concluded that competition has a significant effect on company performance, strategic decisions, and technology selection and production quantities. The study was based on evaluation of competition which is one part of the micro environmental factors hence a study in other micro environmental factors will be useful. Sales Volume: The number of units sold within a reporting period.

Within a business, sales volume may be monitored at the level of the product, product line, customer, subsidiary, or sales region. This information may be used to alter the investments targeted at any of these areas. Sales Target: a goal set for a salesperson or sales department measured in revenue or units sold for a specific time or period.

Setting up sales targets help keep firms sales team focused on achieving its goals. Sales Growth: The amount a company derives from sales compared to a previous, corresponding period of time in which the latter sales exceed the former. Sales growth is considered positive for a company's survival and profitability. It may result in increased dividends for shareholders and/or higher stock prices.

2.1.7 The Influence of Marketing Mix on Sales Performance

Based on previous studies explanation, then there is an opportunity to conduct further research to integrate the marketing mix variables and sales performance of a given company. The effectiveness of a marketing mix strategy becomes a very important predictor of company's sales performance in regards to increasing their sales volume, achieving its sales target and attaining sales growth within specified periods.

These current findings also add support to the previous studies by Amelia (2015) which the product, price, promotion, distribution channel, staffs, process and physical evidence variables have positive and significant effect on sales performance. It can be concluded from these definitions that sales performance is influenced by marketing strategies. After consumers know the product, price, distribution channels and promotion along with the staffs' approach, the ease of service process and physical evidences when purchase decisions are made after actually making a purchase then at least the sales volume of the company increases due to emergence of new customers provided that the other factors taken as constant. According

Martin (2008) explained that marketing mix strategy is one of the important factors to predict sales performance specifically an increase in the sales volume, sales target and sales growth (Dapkevičius, 2009).

In general, the literature on performance revealed that there is neither one single criterion nor a set of criteria approved between service marketing mix scholars for performance assessment (Venkatraman and Ramanujam, 1986). Performance can be determined in various ways such as financial performance, market performance, customer performance or overall performance.

Therefore, in this study, the sales performance of Oromia Insurance Company was measured in terms of sales volume, sales growth and sales target achievement.

2.2 Empirical Review and Research Hypotheses

Some related researches have been conducted in Ethiopia and in different parts of the world, very few were concerning the effects of service marketing mix on sales performance.

Here below some of the researches which have been conducted in Ethiopia and in other countries are reviewed as follows:

2.2.1 The Effect of Product on Sales Performance

Service product is defined as the extent to which a service organization develops a comprehensive service offer to meet customers' needs and requirements in highly competitive markets (Doyle, 1999). Past researchers have clearly suggested that product influences have a significant impact on sales performance (Kazem and Heijden, 2006; Owomoyela, 2013). Cavusgil and Zou (1994) and Lee and Griffith (2004) noted that better firm sales performance can be obtained via adapting the product to meet requirements of customers. Thirkell and Dau (1998) also found that service had significant and positive correlation with sales performance. Based on these findings, the following hypothesis is proposed:

H1: Product/ insurance service has a positive and significant effect on sales performance

2.2.2 The effect of Price on Sales Performance

Price/ insurance premium is operationally defined as the extent to which an insurance firm practices pricing policies and activities in setting a service price. Kotler (2007) defines price as a cost of producing, delivering and promoting the product charged by the organization.

Zeithaml (1988) is of the view that monetary cost is one of the factors that influence consumer's perception of a product's value. In the studies of Colpan, (2006) and Owomoyela (2013) they establish significant relationship between price and sales performance. The price set for a product or service plays a large role in its marketability. According to Wruuck (2013), price plays a central role for insurances in that it impacts on customer satisfaction and profitability. Based on these findings, the following hypothesis is proposed:

H1: Price/ insurance premium has a positive and significant effect on sales performance

2.2.3 The Effect of Promotion on Sales Performance

Promotion is defined as the extent to which a service organization uses the components of promotion activities and elements in formulating a service promotion strategy (Akroush, 2011). Hakansson (2005), reports that promotion appears as an issue of how to create an optimal mix of marketing communication tools in order to get a product's message and brand from the producer to the consumer. Kotler (2007) discovers that Promotions have become a critical factor in the product marketing mix which consists of the specific blend of advertising, personal selling, sales promotion, public relations and direct marketing tools that the company uses to pursue its advertising and marketing objective.

Previous researches (Amine and Cavusgil, 2001; Francis and Collins-Dodd, 2004) have established positive and significant relationship between promotion and business performance. On the contrary, Adewale (2013) discovered that promotion has negative but significant impact on business performance which has contrary opinion to previous researches. From all dimensions of the marketing mix, the most widely researched was advertising that examined advertising procedure the company can inform, introduce, remind or encourage consumer and, therefore, generated more sale and enhance profit (Leonidou, 2002). Based on these findings, the following hypothesis is proposed:

H1: Promotion has a positive and significant effect on sales performance

2.2.4 The Effect of Place on Sales Performance

Place, also known as distribution, is defined as the extent to which a service organization uses distribution channels and activities in setting a service distribution strategy (Friars, 1985; Easingwood & Storey, 1996). The place where customers buy a product and the means of distributing the product to that place must be appropriate and convenient for the customer.

The product/service should be available in the right place and at the right time. Jones (2007) defines place as any way that the customer can obtain a product or receive a service. Kotler and Armstrong (2006) also define place or distribution as a set of interdependent organizations involved in the process of making a product available for use or consumption by consumers. Owomoyela (2013); Amine and Cavusgil (2001); and McNaughton (2002) agree that place has significant effect on sales performance.

In a competitive environment in market and similarity of the firm in services, the place strategy is a good strategy for differentiation. Lages (2003) also revealed that distribution network/availability was important variable in place marketing strategy. This result previously obtained by Ambler, (2000) that found distribution channel relationship had a positive effect on market share and sales performance. Based on these findings, the following hypothesis is proposed:

H1: Place/ distribution has a positive and significant effect on sales performance

2.2.5 The Effect of People/ Staff on Sales Performance

People (the service providers), is defined as the extent to which a service organization is customer oriented in practicing its business; putting the customer at the heart of business activities (Zeithaml, 1985; Doyle, 1999). Lovelock (2001) argues that customer service program should be well planned and executed as well as people should be effectively trained, informed and supported to deliver excellent service. Human resources can be developed through education and training. Even incentives can inject efficiency and can motivate people for productive and qualitative work.

Akroush (2003) stated that carefully recruiting personnel who are customer oriented and motivated to perform jobs and training the personnel who interact with customers are important factors in internal marketing. Anyone who comes into contact with customers will make an impression, and that can have a profound effect, positive or negative, on customer satisfaction. The reputation of a service brand rests in people's hands. They must therefore be appropriately trained, well-motivated and have the right attitude (The Chartered Institute of Marketing, 2009). Based on these findings, the following hypothesis is proposed:

H1: People/ Staff has a positive and significant effect on sales performance

2.2.6 The Effect of Process on Sales Performance

Process is the extent to which a service organization has set a customer-oriented and systematic procedures for a successful service delivery process. The process dimension refers to the actual procedures, mechanisms and flow of activities by which the offering is delivered (Akroush, 2011). Service delivery system is concerned with where, when, and how the service is delivered to the customer. Speed convenience, flexibility, quality, and customer satisfaction of the service delivery system are all crucial factors for competitive advantage (Lovelock, 2001). The process of giving a service and the behavior of those who deliver are crucial to customer satisfaction.

Process is one of the ‘P’s that is frequently overlooked. There is no value in making the rest of the company run perfectly if this part is faulty. Hence, the process of a service organization could be a great source of competitive advantage if used wisely (The Chartered Institute of Marketing, 2009). Based on these findings, the following hypothesis is proposed:

H1: Process has a positive and significant effect on sales performance

2.2.7 The Effect of Physical Evidence on Sales Performance

Physical evidence is the extent to which a service organization is interested in creating a customer friendly atmosphere in their working environment.

The service scape (physical evidence) is defined herein as everything that is physically present around the consumer during the service encounter transaction (Hightower, 1997). The physical evidence includes many aspects; employees’ appearance, décor design, internal layout, furniture, friendly atmosphere, and creating tangible issues (such as brochures). All of these aspects have an influential role on company performance through their crucial effect on delivery process and promotion during the service provision (Akroush, 2003). Based on these findings, the following hypothesis is proposed:

H1: Physical Evidence has a positive and significant effect on sales performance

2.3 Conceptual Framework

Based on the above discussion, it can be concluded that product, price, promotion, place, people, process and physical evidence are related to sales performance. In this study, the dependent variable is sales performance while independent variables are product, price, promotion, place, people, process and physical evidence as presented in figure 2.1.

The relationship between marketing mix practices and sales performance has been substantiated at the firm and functional levels (Walker 2004, Porter 1985), although there is often overlap between the two concepts. According to Ebrahimi, and Roghanian (2013), sales performance can be measured based on sales volume, sales target and sales growth. The higher the indices indicate the greater the performance of the sales and vice versa. Performance of insurance companies have to do with both behavior (activity) and results. This explanation covers achievements of anticipated levels as well as objective review and setting. When the behavior of management is right, then the anticipated levels of output would be achieved and vice versa for failure. This is connected with the concept of customer orientation. It is a concept which transforms the marketing into a potent competitive weapon, shifting organizational values, beliefs, assumptions, and premises towards a two-way relationship between customers and the firm. When behaviors of management towards marketing mix strategies are geared in a right direction, then this positively affects the sales performance of insurance companies.

Therefore, based on the marketing mix practices elements and sales performances' literature review, the following conceptual framework has been developed as indicated below.

Service Marketing Mix Elements

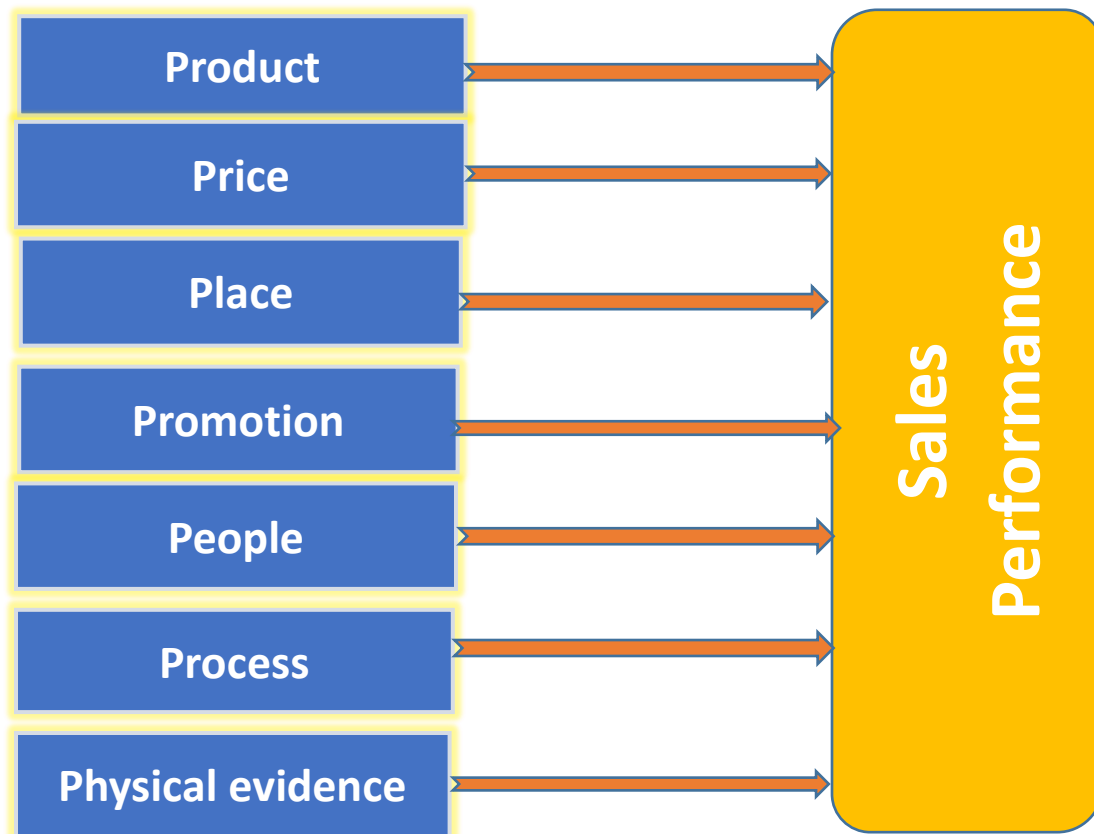


Figure 2.1 Conceptual Framework of the Study (Source: Hameed & Dina, 2015)

2.4 Definitions of Conceptual Terms

Brief explanation for each 7Ps marketing mix dimensions is:

- **Service Elements** - defined as an act or performance offered by one party to another that creates benefits for customers by bringing about a desired change in-or on behalf of-the recipient (Lovelock and Wright, 2001).
- **Price Elements** - defined as the amount of money charged for a product or services (Kotler and Armstrong, 2001).
- **Distribution Elements** - defined as involves the distribution channel, distribution coverage, outlet locations, inventory levels and location (Kotler, 2000).
- **Promotion Elements** - mean all of the tools available to the marketer to transform their message about the product strategy to the target market (Al-Dmour, 2013).

- **People Elements** - defined as all participants that have role at the service delivery process (Al-Dmour, 2013).
- **Physical Evidence Elements** - is the environment in which the service is delivered and any tangible goods that facilitate the performance and communication of the service (Booms and Bitner, 1980).
- **Process Elements** - defined as the procedures, mechanism and flow of activities by which a service is acquired and about how a service is delivered to customers (Booms, 1980).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Approach

There are two basic research approach, quantitative and qualitative research approaches. The former involves the generation of data in quantitative form which can be subjected to rigorous quantitative analysis in a formal and rigid fashion. Qualitative design to research is concerned with subjective assessment of attitudes, opinions and behavior. Research in such a situation is a function of researcher's insights and impressions. Such a design to research generates results either in non-quantitative form or in the form which are not subjected to rigorous quantitative analysis (Kothari, 2004). This study, thus, follows a quantitative approach to examine its objectives as it will describe the relationship between service marketing mix variables and sales performance; and how the service marketing mix elements affect the non-financial sales performance in terms of sales volume, sales target and sales growth.

3.2 Research Design

The three basic types of research design based on the purpose of study are descriptive, exploratory and explanatory researches. Descriptive research is usually concerned with describing a population with respect to important variables. The goal of exploratory research is to discover ideas and in-sights. Explanatory research is used to establish cause-and-effect relationships between variables. Causal analysis is concerned with the study of how one or more variables affect changes in another variable. It is thus a study of functional relationships existing between two or more variables (Kothari, 2004).

This study follows an explanatory or causal research approach as it explains the effect of service marketing mix elements on sales performance measurement along with evaluating the relations between the constructs.

3.3 Population

A target population is the entire group of people or entities that the researcher is interested in and for which the researcher wishes to draw conclusions (Kothari, 2004). According to National Bank of Ethiopia, there are a total of 17 insurance companies which are operating in Ethiopia of which 16 companies are private owned that hold 59.83% of the total market share.

The rest is dominated by the state-owned company named Ethiopian Insurance Corporation. Oromia Insurance Company is one of the private insurance company with a total of 1,428 employees in 44 different branches and 7 contact offices in the country. In these main and branches offices, management staff comprises 20.5% (293) and the rest 79.5% is non-management staffs (OIC database, 2021).

Out of the existing 44 branches and 7 contact offices, 28 branches and 5 contact offices are located in Addis Ababa. And the sample frame, thus, considers only staffs of head-office and branches in Addis Ababa. For this study, marketing (79), sales (547) and finance (62) staffs who are believed to have detail information regarding the sales performance of the company are considered as a study population (a total of 688 employees).

3.4 Sampling Procedure

There are a number of sampling methods to select the representative sample size from sampling frame. However, they are categorized under three different sub-categories namely probabilistic, non-probabilistic and mixed sampling. Probabilistic sampling is practical in this case as getting the complete list of the staffs of Oromia Insurance Company. Therefore, stratified random sampling procedure was appropriate and applied to select the required sample size from the targeted study population (sampling frame) which enables to generalize the findings to the larger population.

3.5 Sample Size

Sampling is the process of selecting a number of study units from a defined study population. According to OIC database (2021), the sampling frame constitutes a total of 688 staffs of marketing, sales and finance departments.

Determining sample size is very important issue because samples that are too large are uneconomical while too small samples may lead to inaccurate results. When the size of population is known, the sample size will be calculated based on Yamane's (1967) formula for proportionality of sample for known population. Since the exact total population is known, the sample size determination formula is used to estimate the sample size.

The formula is:

$$n = \frac{N}{1 + Ne^2} = \frac{688}{1 + (688 * 0.05^2)} \cong 253$$

Where: n = required sample size; N = Total Population; e = Tolerable error (0.05)

Therefore, a total of 253 questionnaires would be distributed to the targeted respondents.

Table 3.1 sample proportion per stratum

Stratum	Population	Proportion	Sample proportion	Total
Marketing	79	11.5%	0.115*253	29
Finance	62	9.0%	0.900*253	23
Sales	547	79.5%	0.795*253	201
Total	688	100%		253

(Source: OIC HR Database, 2020)

3.6 Source of Data

The source of data for this study is basically primary data. According to Kothari (2004), the primary data are those which are collected afresh and for the first time, and thus happen to be original in character. Data that have been observed, experienced or recorded close to the event are the nearest one can get to the truth, and are called primary. The data will be collected from individual staff responses of OIC. Thus, primary source of data will be used in this research for data analysis.

3.6 Data Collection Instrument

The questionnaire was used to collect primary data from the respondents. As suggested by (Kothari, 2004), administering questionnaires allows the researcher to collect data with low cost even when the universe is large and is widely spread geographically, it is free from the bias of the interviewer; answers are in respondents' own words, respondents have adequate time to give well thought out answers, respondents who are not easily approachable can also be reached conveniently and large samples can be made use of and thus the results can be made more dependable and reliable.

The questionnaire developed by Peterson (2016) for his dissertation entitled "Marketing mix frame analysis for the sales performance of service companies in the case of Nikon private

insurance company in Sweden” was slightly modified to suit for this study. Preliminary draft of the questionnaire was pre-tested to improve upon the clarity of the question items. A sample of thirty (20) staffs from head office was given the questionnaire to read and comment on the meaningfulness of the question items and their comment was incorporated. The size was guided by the suggestion by Saunders (2009) that minimum of ten (10) members of pre-testing is adequate. Finally, after the items are refined, the questionnaire was administered to the target population by contacting them in person.

3.7 Data Collection Procedure

The research was conducted in person and it is done for the fulfillment of academic requirement. A total of 253 questionnaires were distributed to the head office and branches in Addis Ababa. Volunteer respondents who were selected randomly, filled the questionnaires accordingly after having their full consent and briefed the purpose of the study clearly. A sum of 246 responses were collected.

3.8 Validity and Reliability of the Study

Validity is concerned with whether the findings are really about what they appear to be about (Sounders, 2003). Reliability estimates the consistency of the measurement or simply, the degree to which an instrument measures the same way each time it is used under the same conditions with the same subjects. (John, 2007).

3.8.1 Reliability Result

To evaluate the research instruments, reliability is one of the major criteria. Reliability estimates the consistency of the measurement or simply, the degree to which an instrument measures the same way each time it is used under the same conditions with the same subjects. Reliability is essentially about consistency. That is, if something is measured many times and the result is always the same, then we can say that the measurement instrument is reliable (John, 2007).

Application of internal reliability refers to the multiple-indicator variables. If a variable is internally reliable, it is coherent. I.e., all the constituent indicators are measuring the same thing (Bryman & Bell, 2003). Cronbach’s Alpha is a commonly used test of internal consistency. It essentially calculates the average of all the possible split-half reliability coefficients. Alpha coefficient ranges in value from 0 (denoting no internal reliability) to 1

(perfect internal reliability). Higher results ($>.07$) are typically employed as a rule of thumb to denote an acceptable level of internal consistency. In this study, Cronbach's alpha test is used to test the internal liability of the study variables in part II of the questionnaire with multi point formatted questionnaires or scales (that is, rating scale: 1= strongly disagreed, to 5= strongly agreed).

To measure service marketing mix elements, the student researcher has adopted measurement scales from Peterson (2016) for his dissertation entitled "Marketing mix frame analysis for the sales performance of service companies in the case of Nikon private insurance company in Sweden." It was then slightly modified to suit for this study. Preliminary draft of the questionnaire was pre-tested to improve upon the clarity of the question items and pretested for reliability of the adopted measuring instrument with 5-point Likert scale.

Table 3.2. Reliability test results

Measurement	Number of items	Cronbach's alpha
Product	5	.733
Price	5	.822
Place	4	.784
Promotion	5	.838
People	5	.779
Process	5	.805
Physical evidence	5	.808
Repurchase decision	5	.850
Reliability of all items	39	.906

(Source: Own Survey, 2021)

As shown in table 3.2, the reliability coefficient for each of the marketing mix elements namely product ($=.733$), price ($=.822$), place ($=.784$), promotion ($=.838$), people ($=.779$), process ($=.805$) and physical evidence ($=.808$). These values are above the minimum reliability coefficient required for social science studies ($\alpha =0.70$). Similarly, the

Cronbach's alpha coefficient for sales performance was found to be .850. This indicates the stability and suitability of the results for this study, i.e., all questions are in acceptable level of internal reliability.

3.8.2 Validity Result

Validity refers to the extent to which data collection method or methods accurately measure what they are intended to measure (Sounders, 2003). Different steps were taken to ensure the validity of the study. Data were collected from the reliable sources, from respondent who have experiences in insurance claim services. Survey questions were made based on literature review and frame of reference to ensure result validity. In selecting a relevant measure for an outcome variable, it is critical that logical inferences can be made from the operation upon which the measure is based to the theoretical constructs relevant to the study. The content and construct validity should be checked to ensure the quality of the research design. The researcher has established the questionnaire in its final version, after highlighting some previous studies related the subject of this study. Then it was subjected to be reviewed by some specialist in scientific research. Their comments and recommendations were taken into consideration to modify the questionnaire to have its final shape.

3.9 Data Analysis and Presentations

Both descriptive and inferential statistics were used to analyze the quantitative data gained through structured questionnaire. All the variables were coded and entered into the SPSS to analyze data obtained through questionnaires. Descriptive statistics is used to describe the usefulness of the data set and examine relationships between variables. In order to describe the data, preliminary descriptive statistics such as frequency, percentages, and mean scores were computed. Multiple regression analysis is performed using the 7p's service marketing mix dimensions as independent variable and the sales performance as dependent variable. The basic aim is to see the extent to which the sales performance of OIC is affected by the service marketing mix elements dimensions in terms of coefficient of determination (R^2 value), the regression coefficient (Beta coefficient) and the P-values for the significance of each relationship.

Model Specification - Regression analysis is a statistical method to deal with the formulation of mathematical model depicting relationship amongst variables which can be used for the

purpose of prediction of the value of dependent variable, given the value of the independent (Kothari, 2004). The basic aim is to see the extent to which the social media content marketing practice affect the overall brand loyalty and mediating role of customer engagement in terms of coefficient of determination (r^2 value), the regression coefficient (beta coefficient) and the p-values (ANOVA Test) for the significance of each relationship.

Before conducting the regression analysis, regression assumption tests (multi-collinearity, homoscedasticity and normality) was carried out; and correlation coefficients was used to quantitatively describe the strength of the association between the variables. According to hair (2016) the Pearson correlation coefficient measures the degree of linear association between two variables. It varies between -1.00 to +1.00, with 0 representing absolutely no associate on b/n the two variables.

Empirical model applied in this study is, thus, formulated a multi-regression analysis model for investigating individual effect of each independent variable. To do so, the relationship between the variables is formulated as:

- The effect of service marketing mix elements on sales performance

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \beta_7X_7 + e$$

Where: Y = Overall Sales Performance; x_1 = Product; x_2 = Price; x_3 = Promotion; x_4 = Place; x_5 = People; x_6 = Process; x_7 = Physical Evidence; e = error term; β_0 = constant, term; $\beta_1, 2, 3, 4, 5, 6, 7$ = coefficient terms of the corresponding listed variables

3.10 Ethical Considerations

Confidentiality of their response of the respondents is maintained at a high level to make the respondents feel comfortable so that their responses were considered non-biased and believed to reflect the truth about the situation in question. Their voluntariness to participant in this was also confirmed before conducting the main survey. In this study, there are descriptive questions about the respondent's' demographic profile but these information were not enough to identify the person in particular. The second ethical principle was considered was to avoid lack of informed consent.

The participants had received as much information needed to make a decision whether to participate or not. In this study the survey contained information about the research and

contact details for further inquiries. The third ethical concern was the invasion of privacy. The respondent might find some questions too private and did not want to make the answer public; in this case the respondent had granted the opportunity to skip the question if it was judged sensitive. Furthermore, this study was not of a sensitive nature which enhances the respondents' willingness to answer. The fourth issue refers to deception which occurred if respondents had been led to believe that a research was about something else than what is actually. Thus, avoided voice recording techniques. After taking these ethical principles into considerations and fully living up to the requirements, this study could be classified as ethical.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATIONS

4.1. Introduction

The analyses comprised of both descriptive and inferential statistics in which the former describes the demographic profile of respondents, analysis of responses under each attribute; whereas the latter includes assumption for regression model test, correlation and multiple regression analyses. The data collected through self-administered questionnaire featured personal information of the respondents, seven dimensions of service marketing mix and sales performance in the case of Oromia insurance S.C. in Addis Ababa.

The data collected through self-administered questionnaire, featured personal information of the respondents, seven dimensions of service mix marketing and a sales performance attribute. After distributing 253 questionnaires to the targeted employees, 246 questionnaires were collected. The response rate accounted for 97.2% of the total distributed questionnaires. Furthermore, the student researcher screened the collected questionnaires for missing data and other inconsistency, and it was found 241 valid and usable questionnaires appropriate for statistical analysis.

4.2. Descriptive Statistics

The descriptive statistics is used to describe the demographic characteristics of the respondents and the summary of each study variables based on their responses.

4.2.1 Demographic Characteristics of survey Respondents

The first part of the questionnaire consists of the demographic characteristics of respondents. This part of the questionnaire requested a limited amount of information related to personal and demographic status of the respondents. Accordingly, the following variables about the respondents were summarized and described in the subsequent table. These variables include; sex, age, education, department, position and work experience of the respondents.

Referring Table 4.1, male respondents constituted slightly higher percentage 127(52.7%) than their female counterparts 114(47.3%). The number of male and female respondents were almost the same. In terms of age, 116(48.1%) respondents were found to be within the age

range of 18-31 years followed by 88(36.8%) within 31-40 years. Whereas those respondents whose age fallen within 41-50 years and 51-60 years old belonged to 31(12.9%) and 6(2.5%) respectively. This implies that the company had about 85% of adult employees less than 40 years old.

Table 4.1 Demographic Characteristics of Respondents

Category	N	(%)
Sex		
Male	127	52.7%
Female	114	47.3%
Total	241	100.0%
Age		
18 – 30 years	116	48.1%
31 – 40 years	88	36.5%
41 – 50 years	31	12.9%
51 – 60 years	6	2.50%
Total	241	100.0%
Education		
High school	5	2.1%
Diploma	11	4.6%
First Degree	177	73.4%
Masters & Above	48	19.9%
Total	241	100.0%
Department		
Marketing	77	32.0%
Sales	103	42.7%
Finance	43	17.8%
Others	18	7.5%
Total	241	100.0%
Position		
Manager	35	14.5%
Supervisor	69	28.6%
Senior	102	42.3%
Junior	24	10.0%
Others	11	4.6%
Total	241	100.0%
Service Year		
1 – 5 years	131	54.4%
6 - 10 Years	83	34.4%
Above 10 Years	27	11.2%
Total	241	100.0%

(Source: Own Survey, 2021)

Regarding the educational background of the respondents, the majority 177(73.4%) has first degree, followed by 48(19.9%) who have second degree and above. The rest 11(4.6%) and 5(2.1%) were diploma and high school certified. This indicates that the respondents are well educated and very capable to understand the contents of the questionnaire which helps to get reliable or credible data.

Respondents from sales and marketing departments constituted 103(42.7%) and 77(32.0%) respectively. The rest 43(17.8%) and 18(7.5%) were from finance and other departments. Majority of the respondents were sales and marketing staffs who are believed to have more and detail information regarding the sales performance of the company.

With regard to position at the organization, junior, senior and supervisory level staffs accounted for 102(42.3%), 69(28.6%) and 35(14.5%), respectively. Managerial and other level staffs represented the rest 24(10.0%) and 11(4.6%) respectively. This has an implication that majority of the respondent's stay in Oromia insurance was relatively low (relatively few number of years).

It was also found that more than half, 131(54.4%) of the respondents have 1-5 years of service while 83(34.4%) from 6-10 years and the rest 27(11.2%) have served for more than 10 years. Majority of the respondents had less service in the company which reconcile with junior staff are more in number.

Overall demographic characteristics of the respondents shows that balanced ratio of gender distribution, well-educated young sales staffs at junior and senior level positions with low service year in the company.

4.2.2 Description of Study Variables

To compare the respondents' perception towards the variables, descriptive statistics of mean and standard deviation are used. The mean indicates to what extent the sample group averagely agrees or disagrees with the different statements. According to Best (1987), the scale is set in such a way that respondents strongly disagreed if the mean scored value is in the range of 1.00 – 1.80; disagreed within 1.81 – 2.60; neither agreed nor disagreed within 2.81 - 3.40; agreed if it is in the range of 3.41 – 4.20; while strongly agreed when it falls within 4.21

– 5.00. In addition, standard deviation shows the variability of an observed response. Below, the results are discussed one by one.

4.2.2.1 Product

Survey respondents were asked to indicate their perception towards the products of the organization using five Likert scale items. Referring Table 4.2, the respondents believed the insurance provide guaranteed objective and attention with mean scored value of 3.95 and 4.19, respectively. However, they neither agreed nor disagreed on policy understandability and willingness to adjust the policy with mean scored value of 3.02 and 3.22 respectively. These imply that majority (mean 3.48) believed that the overall product/ service of the insurance. It indicates the insurance management is exerting more effort to provide better insurance services to its customers.

Table 4.2 Descriptive Statistics of Product

Descriptive Statistics			
	N	Mean	Std. Deviation
The Insurance policy easy to understand	241	3.02	1.468
Objective guarantees at the time of insurance policies purchase	241	3.95	1.501
The company is willing to revise or adjust the policy when demanded	241	3.22	1.380
The Service provision is beyond my expectation	241	3.06	1.609
The staff gives due attention to my insurance service	241	4.19	1.424
PRO	241	3.49	1.077
Valid N (listwise)	241		

(Source: Own Survey, 2021)

4.2.2.2 Price

Survey respondents were asked to indicate their perception towards the service price of the organization using five Likert scale items. The results, Table 4.2, shows that the respondents disagreed on the idea that premium price is reasonable (mean 2.78), and fair enough to the service provided by the company (mean 2.79).

Table 4.3 Descriptive Statistics of Price

Descriptive Statistics			
	N	Mean	Std. Deviation
The insurance premium is fair enough	241	3.75	1.491
The price suits the quality of the insurance services	241	3.39	1.157
The Premium price deserves compared to the benefits of the service	241	3.80	1.633
The premium price is reasonable	241	2.78	1.283
The insurance premium is fair enough when compared to the service	241	2.79	1.231
PRI	241	3.30	1.027
Valid N (listwise)	241		

(Source: Own Survey, 2021)

But, they were indifferent regarding the price suits the quality of the service with mean scored value of 3.39. This implies that majority of the respondents perceived negatively about the fairness of the premium price against the quality of the insurance services that they received.

4.2.2.3 Place

Survey respondents were asked to indicate their perception towards the place or distribution system of the organization using four Likert scale items. The respondents agreed that the company has branches near to its customers, sufficient service outlets, and use agents to deliver service easily to their customers with mean values of 3.53, 3.54 and 3.49, respectively. But, some respondents remain indifferent regarding the relation with other insurances with mean score value of 3.20. This implies that the respondents had doubts on the convenience or availability of the service outlet branches or nearby agents of the company which could be easily accessible.

Table 4.4 Descriptive Statistics of place

Descriptive Statistics			
	N	Mean	Std. Deviation
The insurance company has branches nearby my place	241	3.53	1.855
The company has sufficient service outlets	241	3.54	1.742
The company uses agents to deliver the service easily	241	3.49	1.703
The insurance has good relation with other insurances to facilitate its services	241	3.20	1.826
PLA	241	3.44	1.419
Valid N (listwise)	241		

(Source: Own Survey, 2021)

4.2.2.4 Promotion

As far as the promotional practices of the company concerned, the respondents strongly agreed that the company informed its customer through their personal contacts (mean 4.24), and also agreed that it advertised its brand/ logo aggressively (mean 3.70), use different events to promote its services (mean 3.80) and contact in person to pursue customers to repurchase its services (mean 3.46). But they were neither agreed nor disagreed regarding to disseminating information via printed materials with mean value of 3.36. Despite the overall promotional activities of the company were perceived positively, the results imply company's promotional strategy is the area which requires management attention as there was lack of using different materials to provide information to their customers

Table 4.5 Descriptive Statistics of Promotion

Descriptive Statistics			
	N	Mean	Std. Deviation
The insurance company advertises its brand or logo aggressively	241	3.70	1.780
The company uses different events to promote its services	241	3.80	1.704
The company utilizes my personal contact (phone, email, mail...) to inform me its new or updated services	241	4.24	1.469
The company uses different printed materials to disseminate information	241	3.36	1.816
The company contact me in person to pursue me to repurchase its service	241	3.46	1.819
PRM	241	3.71	1.361
Valid N (listwise)	241		

(Source: Own Survey, 2021)

4.2.2.5 People

Survey respondents were asked to indicate their perception towards the people dimension of the service marketing mix using five Likert scale items. The respondents strongly agreed that the insurance always handle customer queries with mean value of 4.27. On the other hand, they agreed that the staff have sufficient knowledge and prompt service with mean value of 3.63 and 3.50 respectively. But the respondents neither agreed nor disagreed on understand customer need and concerning individual needs of its customers with mean value of 3.33 and 3.39 respectively. This implies that the respondents perceived positively as it is measured with mean. They have positive attitude towards the people that the employees are more or less

willing to serve their clients, build smooth relationship and but there is gap in understanding what their customers are in need of

Table 4.6 Descriptive Statistics of people

Descriptive Statistics			
	N	Mean	Std. Deviation
Sufficient product knowledge by employees	241	3.63	1.671
Always available to handle customer Queries	241	4.27	1.237
Always provide prompt services to solve problems	241	3.50	1.481
Understood customer needs	241	3.33	1.588
Sympathetic to individual needs	241	3.39	1.572
PPL	241	3.43	1.055
Valid N (listwise)	241		

(Source: Own Survey, 2021)

4.2.2.6 Process

Survey respondents were asked to indicate their perception towards the process dimension of the service marketing mix using five Likert scale items. The results revealed that majority of the respondents agreed that provided complaints are handled, error free service, effective communication and convenient operating hours with mean value of 4.05, 4.07, 3.47 and 3.41, respectively. On the other hand, the respondents neither agreed nor disagreed on that the excellent service delivery with mean value of 3.36. This implies that the concerned managements needed to increase delivery of service to enhance repurchase decision of customers.

Table 4.7 Descriptive Statistics of Process

Descriptive Statistics			
	N	Mean	Std. Deviation
Complaints are constructively handled	241	4.05	1.555
Provides error free records and service	241	4.07	1.569
Customer service delivery is excellent	241	3.36	1.648
Communication is effective	241	3.47	1.375
Operating hours are convenient to customers	241	3.41	1.520
PRS	241	3.68	1.174
Valid N (listwise)	241		

(Source: Own Survey, 2021)

4.2.2.7 Physical Evidence

Survey respondents were asked to indicate their perception towards the physical evidence dimension of the service marketing mix using five Likert scale items. The majority of the respondents were satisfied with the exterior, interior, modern equipment and attractive professionals with mean value of 4.20, 3.45, 3.85 and 3.68, respectively. However, they had doubt on the parking space of the company (mean 3.28). This indicates that physical evidence requires improvement in space that's provided to parking.

Table 4.8 Descriptive Statistics of Physical Evidence

Descriptive Statistics			
	N	Mean	Std. Deviation
Exterior of organization is well maintained	241	4.20	1.451
Interior of organization is attractive	241	3.45	1.828
Offices have modern equipment	241	3.85	1.658
Staff look attractive professional or elegant	241	3.68	1.623
Adequate parking space	241	3.28	1.937
PHY	241	3.6938	1.25033
Valid N (listwise)	241		

(Source: Own Survey, 2021)

4.2.2.8 Sales Performance

Survey respondents were asked to evaluate the sales performance of the organization by using five Likert scale items. Results of the findings, Table 4.6, revealed that the respondents stated that the annual net profit increases due to increased number of new customers every year (mean 4.18), annual sales growth of the company improved compared to previous years (mean 4.12), often exceeds its quarterly sales targets (mean 4.04), the profitability of the company increased consecutively compared to the competitors (mean 3.94), and the sales volume of the company increased compared to the competitors (mean 3.86). This indicates that majority of the respondents believed that the overall sales performance of the company increased as the grand mean scored value were found to be 4.03. This increased number of customers has enabled the company to improve sales volume, attain its sales target and enhanced the annual sales growth.

Table 4.9 Descriptive Statistics of Respondents Regarding to Sales Performance

Descriptive Statistics			
Sales Performance	N	Mean	Std. Dev.
The sales volume of the company increased compared to the competitors	241	3.86	1.385
The company often exceeds its quarterly sales targets	241	4.04	1.024
The annual sales growth of the company improved compared to previous years	241	4.12	.790
the profitability of the company increased consecutively compared to the competitors	241	3.94	1.387
Annual net profit increases due to increased number of new customers every year.	241	4.18	.764
SPR	241	4.03	.860
Valid N (listwise)	241		

(Source: Own Survey, 2021)

4.3 Inferential Statistics

Inferential statistics uses sample measurements of the subject and make generalization about the larger population. It comprises different test such as correlation analysis among variables and assumption of data test for their suitability or fitness to the intended regression analysis model namely normality, collinearity, linearity and homoscedasticity. Finally, correlation analysis, multiple regression analysis in terms of model summary, ANOVA test and determination of beta coefficients are conducted to address the objectives of this study.

4.3.1 Correlation Analysis

This study employs correlation analysis, which investigates the strength of the relationships between the studied variables. Pearson correlation analysis was used to provide evidence of convergent validity. Spearman correlation coefficients reveal magnitude and direction of relationships (either positive or negative) and the intensity of the relationship (-1.0 + 1.0). Correlations are perhaps the most basic and most useful measure of association between two or more variables (Marczyk, Dematteo & Festinger, 2005). To interpret the direction and strengths of relationships between variables, the guidelines suggested by Field (2005) were followed. His classification of the correlation coefficient (r) refers 0.1– 0.29 is weak; 0.3 – 0.49 is moderate; and ≥ 0.5 is strong. Based on this scale, the responses of the respondents are summarized as below.

Table 4.10. Pearson Correlation Matrix

Correlations								
	PRO	PRI	PLA	PRM	PPL	PRS	PHY	RPD
Product – PRO	1							
Price – PRI	.548**	1						
Place – PLA	.385**	.300**	1					
Promotion – PRM	.436**	.181**	.281**	1				
People – PPL	.368**	.592**	.203**	.204**	1			
Process – PRS	.264**	.484**	.310**	.212**	.370**	1		
Physical Evidence - PHY	.170**	.129*	.440**	.255**	.269**	.223**	1	
Sales Performance - SPR	.601**	.720**	.642**	.358**	.587**	.553**	.443**	1
**. Correlation is significant at the 0.01 level (2-tailed).								
*. Correlation is significant at the 0.05 level (2-tailed).								

(Source, Own Survey, 2021)

Table 4.10 indicate that Sales performance had positive and strong relationship between Price ($r = 0.601$, $p < 0.01$), Place ($r = 0.642$, $p < 0.01$), Product ($r = 0.601$, $p < 0.01$), People ($r = 0.587$, < 0.01), Process ($r = 0.553$, < 0.01). On the other hand, there is moderate positive correlation among physical evidence and sales performance ($r = 0.443$, < 0.01) and also Promotion and sales performance ($r = 0.358$, < 0.01). The results of the relational values implies that the service marketing mix elements are good predictors of sales performance of Oromia Insurance Company.

4.3.2 Multiple Regression Assumption Tests

Multiple regression is an analysis that assesses whether one or more predictive variables explain the dependent (criterion) variable. However, before using linear regression analysis, the student researcher has tested its basic assumptions. The regression assumptions are Multivariate Normality, Multicollinearity, Linearity and Homoscedasticity.

4.3.2.1 Multivariate Normality

To check that a distribution of scores is normal, it needs to look at the values of Kurtosis and Skewness. Both of which have an associated standard error. The values of skewness and kurtosis should be zero in a normal distribution. Positive values of skewness indicate a pile-up of scores on the left of the distribution, whereas negative value indicates a flat distribution.

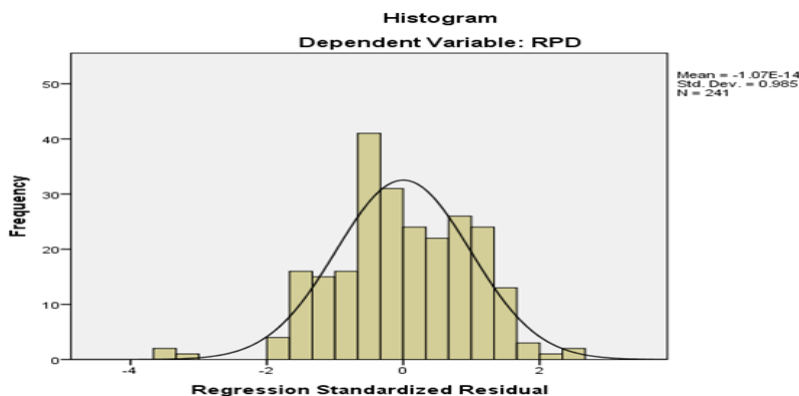
The farther the value is from zero, the more likely it is that the data are not normally distributed.

Table 4.11 Normality Test

Descriptive Statistics						
	N		Skewness		Kurtosis	
	Statistic	Std. Error	Statistic	Std. Error	Statistic	Std. Error
PRO	241		-.725	.157	-.300	.312
PRI	241		-.387	.157	-1.274	.312
PLA	241		-.579	.157	-1.029	.312
PRM	241		-.712	.157	-.865	.312
PPL	241		-.195	.157	-.835	.312
PRS	241		-.822	.157	-.528	.312
PHY	241		-.618	.157	-.878	.312
SPR	241		.076	.157	-1.342	.312
Valid N (listwise)	241					

(Source, Own Survey, 2021)

Figure 4.1 Homoscedasticity Test



Both have an associated standard error. However, the actual value of skewness and kurtosis are not, in themselves, informative. Instead, it needs to take the value and convert it to a z-score. The z-score is simply a standardized score from a distribution that has Mean of 0 and standard deviation of 1.0. As presented in Table 4.9, all service marketing mix elements were

found to be within acceptable range (skewness within -2.0 to 2.0; and Kurtosis within -3.0 to 3.0).

4.3.2.2 Multicollinearity

Multicollinearity refers to the situation in which the independent/predictor variables are highly correlated. When independent variables are highly correlated, there is “overlap” or sharing of predictive power. Thus, the impact of Multicollinearity is to reduce any individual independent variable’s predictive power by the extent to which it is associated with the other independent variables. “Tolerance” and “variance inflation factors” (VIF) values for each predictor is a means of checking for Multicollinearity. Tolerance value below 0.1 and VIF value above 10% indicate a Multicollinearity problem (Robert, 2006). Since all values of VIF are within the specified range, it can be concluded that there is no problem of multicollinearity issue in the present study.

Table 4.12. Collinearity Diagnostics

Model		Coefficients ^a	
		Collinearity Statistics	
		Tolerance	VIF
1	PRO	.641	1.560
	PRI	.457	2.190
	PLA	.661	1.514
	PRM	.877	1.140
	PPL	.597	1.675
	PRS	.713	1.403
	PHY	.738	1.355

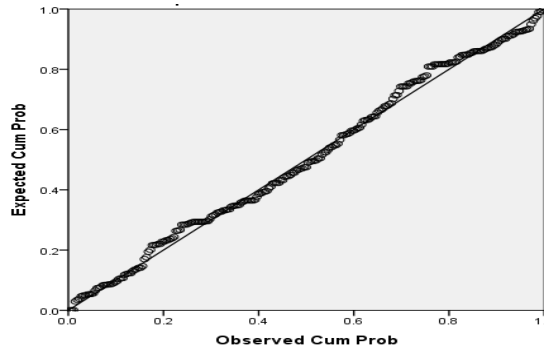
a. Dependent Variable: Sales Performance

4.3.2.3 Homoscedasticity

The normal Q-Q chart plots the values one would expect to get if the distribution were normal (expected values) against the values actually seen in the data set (observed values). The expected values are a straight diagonal line, whereas the observed values are plotted as individual points. If the data are normally distributed, then the observed values (the dots on the chart) should fall exactly along the straight line (meaning that the observed values are the same as you would expect to get from a normally distributed data set). Any deviation of the

dots from the line represents a deviation from normality. Therefore, the Q-Q plot of the all variable considered in this study looks like a straight line with a wiggly snake wrapped around it, then it showed little deviation from normality.

Figure 4.2 Homoscedasticity Test



4.3.3 Regression Analysis

Multiple regression analysis in this research was used to model the value of the construct variable (sales performance) based on its linear relationship to two or more predictors (product, price, place, promotion, people, process and physical evidence). In order to indicate the impact that each predictor has on the construct variable, the unstandardized coefficients are checked.

Table 4.13 a Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.898 ^a	.807	.801	.38326

Predictors: (Constant), PHY, PRI, PRM, PRS, PLA, PRO, PPL

Dependent Variable: Sales Performance

As indicated in the model summary of the analysis on Table 4.12a, above, the value of R^2 (.807) indicated that the seven independent variables altogether explained 80.7 % of the variance in sales performance. However, the remaining percent (19.3%) was explained by other variables not included in this study.

Table 4.13b ANOVA Analysis

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	143.242	7	20.463	139.310	.000 ^b
Residual	34.225	233	.147		
Total	177.467	240			

a. Dependent Variable: Sales Performance

b. Predictors: (Constant), PHY, PRI, PRM, PRS, PLA, PRO, PPL

As indicated in Table 4.12b of ANOVA test, F value of 139.310 is significant at $p < 0.001$. Therefore, it can be inferred that with 80.7 % of variance (R Square), marketing mix element is significant and the model appropriately measured the dependent variables – sales performance. In short, the regression model predicts sales performance and has been significantly explained by the seven independents (service marketing mix elements).

Table 4.13c Estimated Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.265	.123		2.154	.033
PRO	.130	.029	.162	4.483	.000
PRI	.288	.036	.344	8.000	.000
PLA	.192	.021	.317	9.143	.000
PRM	.056	.019	.089	2.947	.004
PPL	.124	.030	.152	4.133	.000
PRS	.102	.025	.139	4.080	.000
PHY	.094	.023	.136	4.087	.000

a. Dependent Variable: Sales Performance

The table shows the constant, beta, and significance level of each variable. It indicates that the seven variable which are product, price, place, promotion, people, process and physical evidence influence sales performance significantly at 95% confidence interval with a $p < .05$ sig. level.

Based on the results of Table 4.12c, substituting the results in the model yields:

$$SPR = .265 + 130PRO + .288PRI + .192PLA + .056PRM + .124PPL + .102PRS + .094PHY$$

Where:

SPR = Sales Performance, PRO = Product, PRI = Price, PLA = Place, PRM = Promotion
PPL= People, PRS= Process and PHY = Physical evidence.

The regression analysis shows that all service marketing mix elements have positive and significant effect on sales performance. Price has relatively the highest effect ($\beta = .288$, $p < 0.05$) on sales performance followed by Place ($\beta = .170$, $p < 0.05$), product ($\beta = .146$, $p < 0.05$), people ($\beta = .139$, $p < 0.05$), process ($\beta = .122$, $p < 0.05$). But Physical evidence ($\beta = .102$, $p < 0.05$) and Promotion ($\beta = .048$, $p < 0.05$) have relatively lower contribution to the prediction model. The regression model from the above table shows that keeping other variables constant, a one-unit increase in price will bring a 0.288-unit increase in sales volume. Likewise, a one unit increase in product, place, people, process, physical evidence and promotion leads to 14.6, 13.9, 12.2, 10.2, and 4.8 unit increase in sales performance.

And also, since, p- value of product, price, place, promotion, people, process and physical evidence is less than 0.05, thus the null hypothesis can be rejected and accept all marketing mix elements has positive effect on sales performance.

4.4 Discussion

This part elaborates the findings of the results in line with the objectives of the study. This study sought to investigate the effect of service marketing mix practices on sales performance of Oromia Insurance Company. The discussion focuses on the major findings of product, price, promotion, place, people, process and physical evidences and their relationship with overall sales performance of OIC.

Product has also relatively higher positive and significant effect on sales performance ($B = .146$). Promote the exact service customers would receive and to provide the exact service customers expect. Product factors also impact of sales performance. The findings also revealed that Price ($B = .237$) has relatively the highest significant and positive effect on sales performance. When fair price that worth the service value is set, then the number of customers

would increase results in an increase in sales volume. This finding supported by Rajkumar (2014) that product and price are affecting sales performance.

The results also revealed the existence of relatively lower effect of promotion ($B = .048$) on sales performance. Usage of different promotional activities and inform their customers through different communication medias to shape customer's perception towards the company enhances the overall sales performance of the company. This finding supported by Khan & Indumathi (2016) that information from the internet and advertising are affecting sales volume, annual sales target, overall sales growth and profitability of the company.

Place has also relatively higher positive and significant effect on sales performance ($B = .170$). Availability of products or place and service outlets is an important marketing mix that has a significance influence on sales performance. People also relatively higher positive and significant effect on sales performance ($B = .139$). Responsiveness and guidance by the staff members, reputation of the company while making decision. Mathur & Tripathi (2014) explain that people have impact on choice for the insurance company selection. It is also supported by Mathur (2014) that professionalism and credibility of staff are affecting consumer purchase decision results in improved sales performance. Also supported by Rajkumar (2014), the persuasive skill of an agent affects consumer purchase decision.

Process also relatively higher positive and significant effect on sales performance ($B = .122$). Customers are interested to get serviced with simple and friendly process. In the insurance industry, the process should be customer friendly, easy and convenient to the customers, as suggested by Stead (2010). On the other hand, Physical evidence ($B = .122$) has relatively lower effect on sales performance. This finding is in line with the finding of Mathur & Tripathi (2014) on their study found that physical evidence with a statement of use of modern equipment and infrastructure of the insurance companies have impact on insurance company selection. This finding is also in line with the findings of Mohammad, (2012), who found that physical evidence significantly affect insurance sales performance.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Major Findings

The primary objective of this study was to investigate the effect of service marketing mix elements on insurance repurchase decision in the case of Oromia Insurance Company in Addis Ababa.

To address the intended research objectives, seven factors were considered namely product, price, place, promotion, people, process and physical evidence to investigate their significant effect on sales performance. A sample size of 253 respondents was selected using stratified random sampling technique from employees of Oromia insurance company's head office and branches located in the city. Based on the theoretical framework and objectives of the study, a questionnaire with 25 items were provided in a 5-point Likert scale were filled by the respondents. The gathered data was analyzed by descriptive and inferential statistics. The major findings are summarized and presented as below:

- The correlation between the seven service marketing mix elements and repurchase decision. The results indicate that, there is positive and strong relationship between sales performance and price ($r = 0.720, < 0.01$), Place ($r = 0.642, < 0.01$), Product ($r = 0.601, < 0.01$), People ($r = 0.587, < 0.01$), Process ($r = 0.553, < 0.01$). On the other hand, there is moderate positive relation among physical evidence and sales performance ($r = 0.443, < 0.01$) and also Promotion and sales performance ($r = 0.358, < 0.01$).
- As per the regression analysis result, service marketing mix elements are accounted for 80.0% variation in sales performance and they have significant effect on sales performance.
- Finally, Price has relatively the highest effect ($\beta = .288$) on sales performance followed by Place ($\beta = .192$), product ($\beta = .130$), people ($\beta = .124$), process ($\beta = .102$). But, Physical evidence ($\beta = .094$) and Promotion ($\beta = .056$) have relatively lower contribution to the prediction model. And also, since, p- value of product, price, place, promotion, people, process and physical evidence is less than 0.05 the null hypothesis can be rejected and support all marketing mix elements has positive effect on sales performance.

5.2 Conclusion

Overall objective of the study was to examine the effect of the seven dimensions of marketing mix elements on Insurance sales performance in the case of Oromia Insurance Company. Based on the results of tests and discussions that have been described, then some conclusions can be drawn, namely: Product, price, place, promotion, people, process, and physical environment simultaneously have a significant and positive effect on the sales performance of Oromia Insurance Company in Addis Ababa.

The overall sales performance of the company, despite the influence of other factors, is affected by the service marketing mix elements which played significant and positive role in contributing values to the company. In this regard, based on the results of the findings, price partially has relatively the strongest significant effect on sales performance of the company. Salespersons, accountants and marketing staffs admitted that the premium charged by the company perceived negatively regarding to the fairness of the price proportionate to the quality of the insurance services and reasonability of premium that suits the quality of the service. The results of this study are also strengthened by previous research conducted by Roki Pariyanto (2012) indicates that the price variable significantly influences sales performance of insurance companies by affecting consumer purchasing decisions.

The product has also partially significant and positive effect on sales performance of the company. Majority of the employees also admitted that there was problem in the company product policy understandability and willingness of the company. The result of this study is also strengthened by previous research conducted by Roki (2012) indicates that product variables significantly influence consumer purchasing decisions results in affecting the sales performance of the company as indicated.

Promotions also partially have a significant effect on sales performance of the company. The lack of promotional mix to communicate effectively the benefits of its services to its customers, for instance, printed materials are not used it promoting the company to deliver to its information affects the influence of promotion on sales performance of the company. The results of this study are supported by previous research conducted by Arumi (2016) that indicates the promotion variable has a positive and significant influence on consumer purchasing decisions.

Partial places, people and physical evidences have a significant effect on sales performances of the company. People has relatively higher influence than process and physical evidence. This shows that the employees believed that consumers are too concerned with the factor of people in terms of purchasing the policy of Oromia Insurance Company. However, process and physical evidence partially have least significant effect on sales performance. This shows that consumers are not too concerned with aspects of the process and physical environment of the company. I.e., consumers do not really care about the condition of the physical environment to make purchasing decision. The result of the study also showed that the ability of the employees shows low mean regarding to understand individual customer needs. The process used by the company is poor service delivery quality of the company. Place refers to insurance activities whereby their services are placed at the disposal of users in the right place and at the right time. It has less attention in the insurance relation with other insurances.

From this study it can be concluded that service marketing mix plays an important role in providing long-term benefits to the insurance by promoting its sales performance. And hence, Insurance management should invest their time, effort, resource and commitment to build sound and effective service marketing mix elements.

5.3 Recommendations

Much attention should be given to the marketing mix elements. It was widely recognized in the marketing literature that the marketing mix elements plays a very crucial effect on repurchase decision of the five selected top performing insurance companies:

- Product/ insurance policy has significant and positive effect on sales performance of the company. Ease of understanding the policy and improvement of the claim settlement service enhances the sales volume of the company. Thus, managements of OIC should improve the contents and the clarity of the policy. This can be achieved through revising, paraphrasing or translating it into local languages of the country accordingly.
- Premium or price set by OIC has significant and positive effect on sales performance of the company. To improve the sales volume and attain the sales target, the managements should seriously be setting reasonable fair market price or premium that match quality of service.

- The physical environment wasn't the concern of the respondents as it had least significant effect on the sales performance of the company. However, managements shall work on physical evidences of their main and branches offices shall influence the purchase intention of customers. Thus, the company needs to improve its physical environment so as to escalate its sales performance and market share at large.
- People affect significantly towards sales performance of Oromia Insurance Company. The quality of service depends on the ability of the staff and employee. That's why it is important to keep the good quality of people in the company. Continuous skill and development training should be given to employees, management and sales agents in providing the service. The company should understand individual needs customer. These would definitely help in improving the quality of service that staffs of the company could provide to the customers.
- Process affects significantly towards the sales performance of the company through influencing consumer purchase decisions in choosing insurance product on Oromia Insurance Company in Addis Ababa. When the process (buy, claim, etc) become clear and easier customer will satisfy with the services and become the loyal customer. It can be achieved through upgrading better or smart technology that makes the process of payment & services rendered at the insurance convenient.

5.4 Limitations and Suggestion for Future Studies

The limitation of this study is that the respondents of this research should have included general insurance policyholders, life, marine, travel insurance offered by the insurance companies under study. However, the respondents of this research limited only to specific consumer. Based from this limitation, if any other researcher wants to continuously study about this topic, student researcher suggests inclusion or consideration of respondents/ users of the aforementioned insurance services. So, the research can cover by many consumers characteristic and the result can be more comprehensive.

The effect of COVID -19 was also one of the limitations as it was difficult to move from place to place to distribute questionnaires on one hand, and some of the respondents were less interested to fill the questionnaires for fear of COVID-19 contamination.

Finally, based on value of determination of service marketing mix element to repurchase decision was found to be around 81%, this means that there is other element outside of service marketing mix element that can explain repurchase decision compared with element on this study. The last suggestion is that future research can use those other elements, so the result can be more comprehensive that could help companies to make more competitive strategy to gain more share on the market.

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Appendix: Questionnaire



ST. MARY'S UNIVERSITY, SCHOOL OF GRADUATE STUDIES

DEPARTMENT OF MARKETING MANAGEMENT

Survey Questionnaire

Questionnaire to be filled by OIC Staffs

Dear Respondent,

My name is Samuel Taye, a postgraduate student of St. Mary's University, School of Graduate Studies. I am conducting my study entitled "The Effect of Service Marketing Mix Elements on Sales Performance" taking Oromia Insurance Company in Addis Ababa as a case. The purpose of this questioner is to gather data regarding how the service marketing mix elements in terms of price, product, promotion, place, people, process and physical evidence affect sales performance of the company. Your honest and sincere responses for this questionnaire will play a great role in making the research successful. I assure you that all the responses will be treated confidentially and only be used for academic purpose. Participation is purely voluntary and no need to write your name.

I thank you in advance for offering your golden time and if you have any question, please feel free to contact me by the below contact:

Samuel Taye

Phone: +251 911800229

Email: samitaye498@gmail.com

The price suits the quality of the insurance services					
The Premium price deserves compared to the benefits of the service					
The premium price is reasonable					
The insurance premium is fair enough when compared to the service					
Place	1	2	3	4	5
The insurance company has branches nearby my place					
The company has sufficient service outlets					
The company uses agents to deliver the service easily					
The insurance has good relation with other insurances to facilitate its services					
Promotion	1	2	3	4	5
The insurance company advertises its brand or logo aggressively					
The company uses different events to promote its services					
The company utilizes my personal contact (phone, email, mail...) to inform me its new or updated services					
The company uses different printed materials to disseminate information					
The company contact me in person to pursue me to repurchase its service					
People	1	2	3	4	5
Sufficient product knowledge by employees					
Always available to handle customer Queries					
Always provide prompt services to solve problems					
Understood customer needs					
Sympathetic to individual needs					
Process	1	2	3	4	5
Complaints are constructively handled					
Provides error free records and service					

Customer service delivery is excellent					
Communication is effective					
Operating hours are convenient to customers					
Physical Evidence	1	2	3	4	5
Exterior of organization is well maintained					
Interior of organization is attractive					
Offices have modern equipment					
Staff look attractive professional or elegant					
Adequate parking space					
Sales Performance	1	2	3	4	5
Our sales volume increased compared to our competitors					
The company's marketing strategy helps us exceed our sales targets					
The profitability of the company increased consecutively due to our differentiated service compared to our competitors					
Our differentiated insurance service has improved our annual sales growth					
Annual net profit increases due to increased number of new customers every year.					

Many thanks!