

Midlands State University



FACULTY OF COMMERCE

DEPARTMENT OF MARKETING MANAGEMENT

Evaluating the influence of direct marketing on company performance in the Bakery and Confectionery Industry.

A case of Bakers Inn, Gweru

A dissertation submitted in partial fulfillment of the requirements of the bachelor of commerce honours degree in marketing management.

By

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RELEASE FORM

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DEDICATION

This work is dedicated to my parents who have been there for emotional support during the draft of this research. I appreciate their support and prayers that led to the success of this research.

ACKNOWLEDGEMENTS

Above all I would like to thank the almighty God for his mercy, love and protection during my life. Secondly I would express my gratitude to my supervisor who took his time in guiding me through the whole process. I would like to extend my gratitude to my family and friends for their moral support for the completion of this research.

ABSTRACT

With the growing level of competition in the Bakery and Confectionery Industry it is important for a company to maintain and grow its market share to gain an edge over competitors. This research aimed at evaluating the influence of direct marketing on company performance in the Bakery Sector. Companies gain competitive advantage through a more targeted marketing strategy. The major focus of this research was to establish the areas where various authorities agree or disagree then fill in the existing gaps. Different direct marketing channels were considered and different stakeholders gave their views on the practice of direct marketing. The researcher highlighted the brief background of the marketing communication concept and direct marketing concept as communication is important for organizations to create brand awareness and promoting the brand. Bakers Inn management and customers provided data to achieve the objectives of this study. Stratified random sampling was a probability sampling technique used on this research. The researcher also obtained data from secondary data sources some of which are out dated thus making it difficult for the researcher to obtain current information. Explorative and descriptive research designs were used as well as a sample of 104 to obtain more data relating to the success of this study. Bakers Inn employees were interviewed while the customers were given questionnaires to fill. Quantitative findings were presented and analyzed using pie charts, graphs and tables while qualitative results were presented in paragraph sequences. The findings revealed that direct marketing has a positive influence on the company performance. It is accountable for building customer relationships and help companies improve their return on investment it allows for a more targeted marketing approach through personalization and customization of marketing efforts. The research recommends Bakers Inn to actively capture consumer's details to update its database and use mobile phone promotions to solicit for more loyal customers. Additionally it is also recommended that Bakers Inn should adopt direct marketing as marketing and strategic tool for gaining competitive edge and to ensure market share and sales revenue growth.

TABLE OF CONTENTS

RELEASE FORM.....	i
APPROVAL FORM.....	ii
DEDICATION.....	iii
ACKNOWLEDGEMENTS.....	iv
ABSTRACT.....	v
LIST OF FIGURES.....	x
LIST OF TABLES.....	xi
LIST OF ABBREVIATION AND DEFINITION OF TERMS.....	xii
Chapter 1.....	1
General Introduction.....	1
1.0 Introduction.....	1
1.1 Background of study.....	1
1.2 Statement of the problem.....	3
1.3 Research objectives.....	3
1.4 Research questions.....	3
1.5 Significance of the study.....	4
1.5.1 To the company.....	4
1.5.2 To the researcher.....	4
1.5.3 To the university.....	4
1.5.4 To the community.....	4
1.6 Assumptions.....	4
1.7 Delimitations.....	5
1.8 Limitations.....	5
1.9 Summary.....	5
Chapter 2.....	6

Literature review	6
2.0 Introduction	6
2.1 The concept of marketing communication.....	6
2.1.1 The concept of direct marketing.....	7
2.2 Keys issues on direct marketing.....	9
2.2.1 Benefits of direct marketing to firms	10
2.2.2 Customer database and direct marketing	11
2.3 The importance of direct response advertising on market share	12
2.4 The importance of telemarketing on improving sales revenue.	14
2.4.1 Forms of telemarketing	17
2.4.2 Advantages of telemarketing.....	18
2.4.3 Empirical study	20
2.5 The contribution of direct mail on making repeat purchases.....	21
2.5.1 Empirical study	23
2.6 Other direct marketing channels	24
2.6.1 Face to face selling.....	24
2.6.2 Catalog marketing	24
2.6.3 Kiosk marketing	25
2.6.4 Mobile marketing.....	25
2.6.5 Inserts	25
2.6.6 Print	26
2.6.7 Radio	26
2.6.8 Television.....	26
2.7 The future of direct marketing	26
2.8 Public issues in direct marketing.....	27
2.9 Summary	27
Chapter 3.....	30
Research Methodology	30
3.0 Introduction	30
3.1 Research Design.....	30
3.1.1 Exploratory research design.....	30

3.1.2 Descriptive research design.....	30
3.2 Target population	31
3.2.1 Sample frame.....	31
3.3 Sampling methods and techniques	31
3.3.1 Sample size.....	32
3.4 Sources of data	32
3.4.1 Secondary sources of data	32
3.4.2 Primary sources of data	33
3.5 Research instruments.....	33
3.5.1 Questionnaires	33
3.5.2 Personal interviews	33
3.6 Data collection procedure and administration.....	33
3.7 Validity and reliability of findings	34
3.8 Ethical considerations	34
3.9 Data presentation and analysis tools	35
3.10 Summary	35
Chapter 4.....	36
Data Analysis, Presentation and Discussion of findings	36
4.0 Introduction	36
4.1 Response rate.....	36
4.1.1 Respondents by gender	37
4.1.2 Respondents by age.....	37
4.1.3 Respondents by qualification	38
4.3 Analysis of responses on the importance of telemarketing on improving sales revenues ..	40
4.4 Analysis of responses on the contribution of direct mail on making repeat purchases	43
4.4.1 Analysis of response on direct mail as a convenient medium of communication.	44
4.5 Summary	45
Chapter 5.....	46
Summary, Conclusions and Recommendations.....	46
5.0 Summary	46
5.1 Conclusions	47

5.1.1 Importance of direct response advertising on market share	47
5.1.2 Importance of telemarketing on improving sales revenue	47
5.1.3 Contribution of direct mail on making repeat purchases	47
5.2 Recommendations	48
5.3 Area of further research.....	49
References	50
Appendix 1	56
Appendix 2.....	59
Appendix 3.....	62

LIST OF FIGURES

Fig 1.0: Sales Trends	2
Fig 4.1: Respondents by Gender	35
Fig 4.2: Respondents by Age	36
Fig 4.3: Respondents by Qualification	37
Fig 4.4: Most preferred direct response media	38
Fig 4.5: Importance of telemarketing on market share	39
Fig 4.6: Influence of telemarketing on purchase decision	40
Fig 4.7: Contribution of direct mail on making repeat purchases.....	41
Fig 4.8 Importance of direct mail as a communication medium	42

LIST OF TABLES

Table 3.1: Sample size determination	30
Table 4.1: Response rate	34

LIST OF ABBREVIATION AND DEFINITION OF TERMS

DMA – Direct Marketing Association

- Telemarketing – is the use of the telephone to sell directly to customers.
- Direct marketing – an interactive system of marketing that uses one or more advertising media to effect a measurable response and or transaction at any location.
- Customer base – the number of customers the company have as compared to its competitors.

Chapter 1

General Introduction

1.0 Introduction

The researcher seek to evaluate the influence of direct marketing on company performance in the Bakery and Confectionery Industry, a case study of Bakers Inn Gweru. This chapter covers the background of the study, statement of the problem, objectives, research questions and significance of the study, assumptions, delimitations and limitations.

1.1 Background of study

Various researches exist that were conducted in the field of direct marketing in both developed and developing countries. A research on the linkage between direct marketing and farm income was carried out in United States Agricultural Sector (Detre et al, 2011). The research focused on evaluating empirically the adoption of direct marketing strategies and its impact on gross sales of farm operations managed by American farmers. Results showed that farmers who had adopted direct marketing strategies continued to capture a larger proportion of the consumer's dollar increase than those who did not adopt direct marketing as a strategy. Another research was conducted by Reis et al (2011) in the training sector based in Portugal. The aim was to explore if and how direct marketing can contribute to develop relationship with customers. The results showed that direct marketing is an effective tool in building customer relationships.

A similar research was conducted by Gardiner and Quinton (1998) in UK highlighting how direct marketing can be employed as a strategic marketing tool to build a brand through establishment of a mutually beneficial relationship. Results from this study also showed that any direct communication change the corporate identity and it moves the customer up the loyalty ladder through promoting long term relationships. Ayanda (2006) also carried out a research on the adoption of direct marketing as a strategic approach in the Nigerian Bank System. The research provided an investigation into important organizational and behavioral influences on the implementation of direct marketing in the banking sector. The findings of the research showed

that the banking sector is growing and becoming profitable in the Nigeria after implementing direct marketing strategies as customers became loyal to the banks.

Most of the current researches were focusing on the implementation broad direct marketing strategies in building customer relationship and using direct marketing as a strategic tool for building brands. They did not put a close emphasis on the role of direct marketing strategies such as direct response advertising, direct mail and telemarketing influence on improving a company performance in terms of sales growth and market share. The gap has motivated the researcher to carry out a research on evaluating the influence of direct marketing on a company performance in the Bakery and Confectionary Industry, a case of Bakers Inn Gweru.

Bakers Inn is a subsidiary of Innscor Ltd trading in the Bakery and Confectionery industry in Zimbabwe specializing in the production of flour products mainly bread. Bakers Inn is operating in a business market that is characterized by stiff competition, many players like Lobels and Plaza, and economically unstable country. The company produced a bad batch of products by the end of August 2014 to mid September 2014. There is an increase of sales returns from 8% to 22% in especially from its rural roots. According to the information obtained in the 2013 financial year end report the market share dropped from a target of 65% to 55% by the year end. The following figure shows the sales trends for the financial year end 2012 and 2013.

Figure 1.1: Sales Trends.

	FY 2012	First Quarter 2013	Second Quarter 2013
Target		25000	42000
Achieved	20509	20000	15000
Sales Vs Target %		65	55

Source: Bakers Inn end of year financial report 2014.

When companies are faced with such problems like declining profits and sales volumes there is a tendency to resort to promotional strategies among them include direct marketing. Kotler et al (2009) defined direct marketing as direct communication with carefully targeted individual customers to obtain a measurable response and cultivating lasting relationships. Firms in different industries can adopt direct marketing strategies to enhance the company performance

and improve its market share. Various direct strategies such as direct response advertising, telemarketing and direct mail can be used to create sales and repeat purchases. Payne (1998) suggested that direct marketing is becoming efficient. Direct marketing is the one communication discipline which not just claims to be accountable but which can really answer the question, “how much did we sell as a result of this activity”, (Young, 1993). Companies such as L.L Bean, Lands’ Ends and J Crew have been successful in using direct marketing to sell their clothing products. Dell has become the market leader in the computer industry by selling a full line of personal computers through direct marketing. The researcher spent one year at Bakers Inn as an industrial attachee, where the researcher witnessed that the company performance is declining hence the need to carry out a research based on the evaluation of the influence of direct marketing on a company performance in terms of sales growth volumes and customer base.

1.2 Statement of the problem

Bakers Inn’s operating market environment is characterized by stiff competition and a reduction of market share from 65% to 55% as revealed in the 2014 End of Year Financial Report. The company has an aged fleet of vehicles and the sales returns volumes have increased by 14%. Bakers Inn is failing to meet its objectives and satisfy customer’s expectations as reflected by a high rate of competition. Given the above problems, can direct marketing strategies help Bakers Inn to improve its performance in terms of market share and sales growth to portray a positive image of the organization?

1.3 Research objectives

- To establish the importance of direct response advertising on market share.
- To examine the importance of telemarketing on improving sales revenue.
- To determine the contribution of direct mail on making repeat purchases.

1.4 Research questions

- Does direct marketing has an influence on company performance?
- What is the effect of direct mail on repeat purchases?
- Does direct response advertising impact on market share?
- What is the role played by telemarketing on creation of sales?

1.5 Significance of the study

1.5.1 To the company

- The research findings will find solutions to the company problems as this attempt to establish an improve to company performance.
- The company will appreciate the findings of the research since it enable them to know the role played by direct marketing to enhance company performance.

1.5.2 To the researcher

- The researcher will benefit from the research by more understanding of the concept of direct marketing and how it contribute to company performance.
- The researcher will use the information for academic purposes as well as for practical problem solving.

1.5.3 To the university

- The University will benefit by using this research as a reference to future studies in the subject of direct marketing.
- The research will also help the university assess the student in carrying out the research as it is a requirement of fulfilment of Bachelor of Commerce Honours Degree in marketing Management.

1.5.4 To the community

The stakeholders will benefit as Bakers Inn will deliver a high service quality and improve its relations with its community.

1.6 Assumptions

- The chosen sample size was a representative of the whole population.
- The respondents gave accurate and not biased data
- There was less barriers to the language between the researcher and the respondents.
- There was no change in the management of Bakers Inn during the period of study.

1.7 Delimitations

- The research study was carried out at Bakers Inn Gweru depot.
- The respondents were drawn from the company employees and customers only
- Research information was obtained from the statistical data from 2013 to 2014.
- The study focussed on the effects of telemarketing, direct response advertising and direct mail on creating sales and making repeat purchases.

1.8 Limitations

- The sample size might not truly represent the whole population. Only approved methods of determining sample size were used to guarantee reliability.
- The research was based on qualitative research approach hence results may not be the same if quantitative research approach was used for the same study
- The research relied mainly on exploratory and descriptive research designs hence results might differ if causal research design was used.
- The researcher relied on questionnaires and personal interviews to get information hence findings might be different if different research instruments were used for the same research.

1.9 Summary

The above chapter highlighted the background of the study, statement of the problem, research objectives, research questions, justification, assumptions, delimitations and limitations of the project. The next chapter covers literature reviewing.

Chapter 2

Literature review

2.0 Introduction

This chapter aimed at reviewing and evaluating the works of various authors whose literature relates to the direct marketing. The researcher used information from published books, referred journals, articles, magazines and internet to review areas of agreements and disagreements in different author's works. The aim of the study was to evaluate the influence of direct marketing on a company performance. The objective of the study is to establish the importance of direct response advertising on a company market share, the importance of telemarketing on improving sales revenue and to determine the contribution of direct mail on making repeat purchases.

2.1 The concept of marketing communication

Keller (2001) suggested that marketing communications are means by which firms attempt to inform, persuade, incite and remind customers directly or indirectly about brands they sell. Kotler and Keller (2006) agreed by defining marketing communications as a means by which firms attempt to inform, persuade and remind customers directly or indirectly about products and brands that they sell. The definition by Keller (2001) and Kotler and Keller (2006) used different phrasing but they point out the same idea that marketing communication are a means by which firms try to reach out to customers, probe them to buy their products and always reminding them of the existence of the firms products. Ul-Rehman and Ibrahim (2011) further suggested that marketing communications represent a voice of the brand and are a means by which an organization can establish a dialogue and build relationships with customers. Reynolds and Lancaster (2005) postulated a general definition of marketing communication as a continuous dialogue between buyers and sellers in a market place. These authors agreed in their definitions of marketing communication in that they outline the issue of creating a continuous dialogue between firms and consumers. Anderson (2001) also agreed with the above authors in defining marketing communication by pointing out that in the traditional marketing mix, marketing communication was viewed primarily as a one way information mechanism by which the

marketer attempted to persuade the target consumers audience of the benefits of the firms' products.

Schultz (1993) cited in Saeed (2013) defined integrated marketing communication as a concept of marketing communication planning that combine and evaluate strategic role of different communication discipline to get the clarity, consistency and greater impact. The American Association of Advertising Agencies also cited in Sisoda and Telrandhe (2010) agreed to the definition by Schultz by defining integrated marketing communication as a concept that recognize the added value of a comprehensive plan that evaluates strategic roles of a variety of communication discipline and combines these disciplines to provide clarity, consistency and maximum communication impact. These authors agreed that integrated marketing communication focuses on the process of using all forms of promotion to achieve a maximum communication impact. Vantamay (2011) argued that there is a positive impact of integrated marketing communication on the organizational performance. Low (2000) agreed to the above as the author considers integrated marketing communication as the integration of promotional tools to receive maximum impact from minimum investments by the firms.

2.1.1 The concept of direct marketing

Direct Marketing Association cited in Percy (2008) defines direct marketing as an accountable system of marketing which uses one or more communication media to effect a response. Percy (2008), Brennan, Canning and McDowell (2011) and Stone and Jacobs (2008) agreed that direct marketing is an interactive process where responses from or about buyers are recorded in a database for building profiles of potential customers and providing valuable marketing information for more efficient targeting. In harmony with the above definitions Lancaster and Reynolds (2005) added that direct marketing is defined as any direct communication to a customer or business recipient that is designed to generate a response in the form of a direct order, a request for further information (lead generation) or a visit to a store or other place of business for the purchase of the specific product (traffic generation). Kotler (2009) and Lovelock and Wirtz (2004) defined direct marketing as direct communication with carefully targeted individual consumers to obtain an immediate response – the use of mail, telephone, facsimile, email and other non-personal tools to communicate directly with specific consumers or to solicit a direct response. Ekhlasis et al (2012) also defined direct marketing as a database driven, direct

and interactive communication process that uses wide range of media to stimulate a customer response. The above authors regarded direct marketing as a communication tool however it is more than just a communication tool as it involves the distribution function through direct mail.

The basic characteristics the above definitions imply are that direct marketing asks for a response and it can be targeted at a single individual or a very narrow group of individuals. The interactive nature of direct marketing means that both the direct marketer and the customer needs to engage in a two way communication thus making direct marketing different from any other promotional methods. Fill (2009) proposed that direct marketing is a strategy used to create a personal and intermediary free dialogue with customers, potential customers and other significant stakeholders. Thomas and Houdson (2002) suggested that direct marketing is a discipline, a subset of marketing which permits firms to out certain marketing activities more efficiently. The definition from Thomas and Houdon (2002) is slightly different from other authorities as it did not include that direct marketing uses a variety of media to deliver an advertising message to the targeted prospects. Direct marketing aims at the establishing a direct response from customers or prospects (Zikmund and D'Amico, 1996). Direct marketing can cut through clutter and confusion of mass marketing going straight to the targeted customer (Thomas, 2007). The institute of direct marketing describes direct marketing as the planned recording, analysis and tracking of customer direct response behavior over time in order to develop future marketing strategies for long term customer loyalty. Dahlen, Lange and Smith (2010) and Ramaswamy and Namakumari (2002) explained that the requisites of direct marketing are to build and always update information to a database. Form the above arguments direct marketing seems that it aims at disseminating product and brand information to the customers allowing generation of lead and future sales.

Wang et al (2005) cited in Javaheri (2007) defined direct marketing as a modern business activity with an aim to maximize the profit generated from marketing to selected group of customers and makes it possible to offer goods and services or transfer messages to a specific targeted segment of the market by mail, telephone, email or other direct means. Jonker et al (2002) in Javaheri (2007) argues that direct marketing is a form marketing aiming at obtaining and maintaining direct relations between individual firms and consumers within one or more product or market combinations. Wang et al (2005), Jonker and his friends pointed out that direct

marketing is an effective tool for customer relationship building and creating contacts with the customers makes more business for the organization. Shin and Cho (2006) in Javaheri (2007) said that direct marketing is concerned with identifying likely buyers of certain products or services and promoting them to them to the potential buyers through various channels. Fill (2006) refers direct marketing as a term used to refer to all media activities that generate a series of communication and responses with existing or potential customers. In supportive of the above definition Kotler and Armstrong (2013) proposed that direct marketing consists of connecting directly with carefully targeted segments or individual consumers often on a one to one interactive basis to obtain an immediate response or cultivate long lasting relationships. Brassington and Pettit (2000) cited in Ojwang (2014) harmonized their definition to the definitions above through proposing that direct marketing is an interactive system of marketing using one or more advertising media to achieve a measurable response anywhere. In support of the above assertions Kayode (2014) is of the view that direct marketing is an interactive marketing system that uses one or more advertising media to effect a measurable response and or transaction at any location with this activity stored in a database. While one can identify many similarities in the above definitions, still there is no a commonly accepted definition of direct marketing. The importance attached to each definition of direct marketing varies among different authors. In summing up the aforementioned definitions, Grewal and Levy (2010) describe direct marketing as a sales and a promotional technique that delivers promotional materials individually to existing and potential customers.

2.2 Keys issues on direct marketing

The concept of direct marketing is driven by three principles (Rowe 1989).

Invest in the customers that give the best return on investment. This principle is based on the parreto rule 80% of a company's business comes from the 20% of its customers. Computerized marketing databases make it easier to identify the 20% of a company's customers that makes its valuable marketing resource and provide a better return on investment.

Match product to customer using data on databases. Databases contain customer information about past behavior that can be used to predict the future behavior. Information on databases is also used as a source of market research to establish which the best products are for customers.

Repeat business is the basis of a successful long term relationship. Continuous relationship with customers is the focus of this principle. Customers who buy again and again are preferred.

Instead of promoting products to customers indiscriminately, direct marketing studies customers' characteristics and needs and select certain customer as the target for promotion (Javaheri 2007). A close look at the definitions from different authors, an organization can adopt direct marketing to improve its performance in terms of building customer relationship, increasing sales volumes and market growth. The researcher hopes that adopting direct marketing as a strategy will assist the company in increasing its performance in market share and company growth as proposed by Worsam (2001) that there is more business for a company with direct contact with its customers. Companies can achieve excellence in their products through engaging in direct marketing activities (Ramaswamy and Namakumari, 2002). Anold and Tapp (2003) also agreed to the above statement as they argued that direct marketing activities positively influences organizational performance.

2.2.1 Benefits of direct marketing to firms

The major purpose of implementing direct marketing is to gain a sustainable competitive advantage through effective promotion and an efficient way of selling a firm's products. An organization can improve its performance through reaping the following direct marketing benefits as suggested by Kayode (2014) and Garg (2014).

Access to augmented prospect lists. A direct marketer can buy a mailing list containing names of customers who are well segmented which allow it to personalize and customize its promotional messages. Organization can build a continuous relationship with customers over time. A firm can time and reach target prospects at the right moment. Higher readership of marketing materials. Direct marketing material receive higher readership because it is sent to more interested prospects. Direct marketing permits easy testing of alternative media and in search of the most cost effective approach of promotional campaigns. Direct marketing offers and strategies are less visible to competitors hence the organization can achieve a sustainable competitive advantage over its competitors. Direct marketing enables the firms to measure responses of their campaigns easily thus deciding and determining which methods have been most profitable.

The above authors left out some key benefits of direct marketing which might be the permission of a company's sales force to visit a location or customers events. Direct marketing attempts to acquire and retain customers by contacting them directly without the aid of distribution intermediaries. The success of direct marketing depends on the availability of comprehensive consumer data. Robertshaw and Marr (2005) outlined that the incomplete and falsified data reduce the efficiency of direct marketing. Company profitability is often dependent on consumer willingness to disclose correct personal information.

2.2.2 Customer database and direct marketing

Kotler and Armstrong (2012) proposed that effective direct marketing begins with a good customer database. A customer database is an organized collection of comprehensive data about individual customer or potential customers. Through database marketing a company gets a 360 degree view of its customers and their behavior. Direct marketing requires accurate information about customers so that the customers can be targeted through direct mail and or telemarketing. This information is stored in a database. In business to consumer markets, database contains information about the customer demographic (Vavra, 1994) and their buying behavior (Macrinic and Bilal, 2011). In business to business market a database contain products and services which the customer previously bought, quantities and prices (Kotler et al, 1999). Companies use database information to identify potential customers and generate lead sales (Percy et al, 2010). For example USAA use database to find ways to serve the long term needs of customers. Using a detailed database, direct marketers can tailor their messages to the needs of narrowly defined segments or even individual buyers (Kotler et al, 2010 and Percy et al, 2010).

Improvements in database software and related computer technology have revolutionized the direct marketing industry. Database marketing is a marketing and sales approach that continually gathers, refines and utilizes information and data driving up relevant marketing and sales programs (Lancaster and Reynolds 2005). Uses of customer databases include sales calls and direct mails to selected organizations to solicit new customers, retain customers and generate more business for the company from the current customers and creating long term loyalty (Ramaswamy and Namakumari, 2002). Database marketing is not just a data retrieval system as it describes the way a company organizes its sale and marketing resources. Lancaster and Reynolds (2005) further added that proper use of database gives a company a better edge to

operate professionally and improve the effectiveness of marketing activities allowing for more effective allocation of resources. Databases are also used to strengthen relationship between a company and the customers (Percy et al 2010). As mentioned in Lancaster and Reynolds (2005), Highland Distillers switched all of its promotional funds for Macallan Whisky brand from general advertising to direct marketing. It built a database consisting 100000 of frequent drinkers mailing them after every few months with interesting news about the brand.

Direct marketing activities are successful when organizations possess detailed and up to date databases of information about their customers (Lovelock and Wirtz, 2004). Database marketing is an interactive approach to marketing communication which uses individually addressable communication media for instance mail or telephone to extend the relationship to a company's target customers, stimulate their demand and stay close to them by recording and keeping a database of potential and current customers (Adcock, 1998). The success of any communication effort is access to the targeted audience through database marketing (Brennan, Canning and McDowell, 2011). Retaining customer and building profitable relationships can only be achieved if the customer believes that the organization know them and is aware of their needs. Database marketing involves the creation of an ongoing relationship with a set of customers who have an identifiable interest in the firm's products and whose response to promotional efforts become part of the future communication attempt (Solomon and Stuart, 2003, Lovelock and Wirtz, 2007).

2.3 The importance of direct response advertising on market share

Fill (2009) argues that the sole reason of using direct response media is that direct contact is made with customers and potential customers so that a direct response is generated, interaction stimulated and a dialogue formed. The direct response of customers may be in form of placing orders and this interaction which is formed creates a form of loyalty of customers to the firm hence the market share booms. Fill (2009) further states that a wide variety of media can be used simply by attaching a telephone number, website address and a response card. The author also outlined that direct mail, telemarketing and door to door activities are the main direct response

media because they allow more personal, direct and evaluative means of reaching the targeted customers. Thomas and Houdson (2002) in their book, "Direct Marketing in Practice" also outlined that direct response advertising is advertising carrying a response device of some sort either a coupon, telephone or fax number with the primary objective being to generate enquiries or direct orders. Short commercials of less than two minutes, 30 minute or longer infomercials and home shopping channels are known as direct response advertising (Solomon and Stuart, 2003).

Kotler et al (2001) cited in Macrinic and Bilal (2011) agreed to the above suggestions by defining direct response advertising as the marketing of products or services via television commercials and programs which involve a responsive element typically the use of a free phone number that allows consumers to phone for more information or place an order for products advertised. Kotler and Armstrong (2013) further supported the above arguments as they argued that direct response advertising is the direct marketing via television including direct response advertising or infomercials and home shopping channels. Kotler and Armstrong (2013) stated that direct response advertising takes two forms which are direct response television advertising where direct marketers flights television spots often 60 to 120 seconds in length which persuasively describe a product and give customers a toll free number or a website for ordering. They argued that successful direct response advertising brings big sales and in turn the market share grows. The other form of direct response advertising by Kotler and Armstrong (2013) is home shopping channels which are television programs or entire channels dedicated to the selling of products. Kodak uses direct response advertising to get its business messages directly to customers.

Kayode (2014) and Kotler and Armstrong (2013) agreed in their argument on direct response advertising when they highlighted that marketers can air television spots often 60 to 120 seconds long persuasively describing their products and providing customers with a telephone number which is a toll free for ordering. Kayode (2014) described home shopping channels as television channels dedicated to selling goods broadcasting 24 hours a day where the marketer offers bargain prices on various products and viewers are supposed to call a toll free number placing orders. Kayode, Kotler and Armstrong's definition of direct response advertising are similar and they emphasized that the aim of the program is to elicit a direct response which is an order from

the customer. Direct response advertising is a form of advertising by which customers reply showing interest to the advertised products or services by filling a form, call using a toll free or send an email and this is widely used in newspapers and magazines (Kayode 2014). Direct response advertising is different from standard broadcasting, print and image advertising in that calls to an immediate action or response for example filling the coupon, visiting the website or buying the advertised product are contained within the advertising message and elicited from the target customers (Dahlen, Lange and Smith, 2010).

Kayode (2014) further suggested that all forms advertising in direct marketing are regarded as direct response advertising. These include mail order advertising which is a method of bringing products from manufacturers to consumers by direct selling through catalogs. Direct mail is a medium which is one of the several used in direct response advertising as a method of selling goods and services by direct marketing. A direct response copy has strong promise of benefit to attract immediate attention. Successful direct response advertising can ring up sales for example Bowflex has grossed more than \$1.3 billion in infomercials. Lancaster and Reynolds (2005) are of the view that direct response advertising is the strategy of using specifically designed advertising usually in newspapers and magazines to invoke response advertising rather than a delayed one. The most popular type of direct response advertising is coupon response advertising in which a coupon is provide which the reader may use to order the advertised product or request for more information or a sales call. Lancaster and Reynolds (2005) added that direct response advertising uses carefully crafted marketing communication to generate a response which could be a telephone call asking for an appointment to provide further information.

2.4 The importance of telemarketing on improving sales revenue.

Kotler and Armstrong (2013) defined telemarketing as the use of a telephone to sell directly customers. According to these authors telemarketing provides benefits including purchase convenience and increased product and service information. Kotler et al (2001) in Macrinic and Bilal (2011) defined telemarketing as a form of direct marketing which uses the telephone to sell directly to consumers. Fill (2009) suggested that the prime qualities of the telephone are that it provides for interaction and it is flexible to permit instant feedback. The author further states that telemarketing include the development and maintenance of customers goodwill which accounts

for provision of high level of customer service. Srinivasan (2013) suggested that telemarketing is an interestingly new business activity that brings sustained revenues to the television network therefore producers can easily promote their sales and reduce costs and to the customer it is convenient for shopping. Consumers of telemarketing are highly satisfied with reference to quality and performance of the telemarketing of products (Srinivasan 2013). However Durvasula, Akhter and Bamossy (1996) disagreed to the above statement as they mentioned that phone calls annoy consumers.

Mehrotra and Agarwal (2009) cited in Macrinic and Bilal (2011) defined telemarketing as an interactive process between a company and its customers that uses a comprehensive system of media and methods to elicit a response. It is a function of getting the right offer to the right customers at the right moment and fulfilling their request for products and services. Schneider (1985) cited in Macrinic and Bilal (2011) further outlined that telemarketing is a systematic and continuous program of communication with customers and potentials via the telephone. Macrinic and Bilal (2011) postulated that telemarketing has become a key direct marketing tool which is accountable for dollars of worth sales to customers. Kotler (2001) in Macrinic and Bilal (2011) further added that a household that receives 19 calls in a year will make 16 calls to the company placing orders. Bashynska (2012) stated that the value of telemarketing as a direct marketing tool can be used not only for creation of an actual database with detailed information of prospects and stimulating a sales activity as well as conducting market research but also to explore the tastes and preferences of potential customers estimating their level of company awareness.

Kayode (2014) defined telemarketing as a marketing communication system of using telephone technology and trained personnel to conduct planned, measuring marketing activities directed at targeted groups of consumers. Kotler and Keller (2006) proposed that telemarketing is the use of the telephone and call centers to attract prospects, sell to existing customers and provide service by taking orders and answering questions that help company improve sales revenues, reduce costs and increase customer satisfaction. Lancaster and Reynolds (2005) argued that telemarketing has been used as a direct marketing tool for many years and it has been used much for re-ordering since ordering can be handled over the phone without the need of an expensive physical personal visit. Dahlen, Lange and Smith (2010) argue that telemarketing involves inbound and outbound personal contact which provides the basis for an interactive relationship

between the organization and its customers. Dahlen et al (2010) also added that telemarketing can be used for screening, converting sales leads, providing in house sales support, facilitation of direct sales and giving intermediary support. Gherman and Marcu (2010) came up with a different view of telemarketing when they stated that it refer to an integrated and systematic use of telecommunication and information technology as well management system so as to improve the marketing communication mix used by a company to call its customers. Stone et al (2006) argued that this differs from the use of a telephone to sell products or services over the phone. Telemarketing if used by organization can help generate new transactions thus improving sales as supported by Thomas (1998).

The major advantage of telemarketing is that it is a cheaper way of reaching the prospects that sending a salesperson. Adcock (1998) defines telemarketing as the systematic use of telephone as a communication channel between a company and the customers. The marketing director at BT, Mounsey (1993) cited in Adcock (1998) also said telemarketing is the systematic use of the telephone to achieve a company's objectives in sales, customer care, market growth and market research, database building and cash flow management. Mitchel (2013) came up with the view that telemarketing is a form of direct marketing which is not only traceable in terms of positive response but it also gets to the direct marketer an immediate response. It is a medium through which the sales people call prospects by telephone. For an effective telemarketing effort the direct marketer has to call the prospects assessing their needs and reviewing how the product to be offered will satisfy the identified needs (Gherman and Marcu, 2010). When the prospects are provided with enough product information the direct marketer will then call to actually sell the product based on the customer needs. Telemarketing programs are customer centric and they enhance the company performance (Stone and Wyman, 1986). The telemarketing equation is equal to customer oriented thinking plus targeted influencing and cooperative communication. Effective telemarketing aims at searching new customers (Thomas, 1998) and this in turn improves the market share of the company.

2.4.1 Forms of telemarketing

Inbound telemarketing

Mehrotra and Agarwal (2009) cited in Macrinic and Bilal (2011) explained telemarketing as when a customer uses a telephone to contact the firm for the purpose of either making complains, obtaining information or placing orders. In this case the customer takes the initiative of calling the direct marketer and plays an active role by managing the conversation (Macrinic and Bilal 2011). Kotler and Armstrong (2013) suggested that inbound telemarketing involves toll free numbers to receive orders from television, print advertising, direct mail or catalogs. Lancaster and Reynolds (2005) also agreed with other authors on the idea that with incoming call telemarketing the prospects make the call to the firm usually in response to direct response advertising giving a free phone number. These authors came out with the idea that telemarketing is used with other direct marketing tools as a part of an integrated program. Kotler and Keller (2006), Lancaster and Reynolds (2005), Kotler and Armstrong (2013) and Macrinic and Bilal (2011) all agreed that inbound telemarketing involves receiving calls from prospects or existing customers placing orders or requesting for any further information to the direct response adverts. The definitions above left out some important issues of inbound telemarketing which were covered by Gherman and Marcu (2010) when they stated that inbound telemarketing involves an analysis of the customer by recording their reactions after carrying out some direct marketing campaigns and offering customer after sales support.

Outbound telemarketing

This is when a company tries to call a customer for selling a product and to conduct a market research (Mehrotra and Agarwal 2009 in Macrinic and Bilal 2011). Kotler and Armstrong (2013) provided a simple definition for outbound telemarketing as just selling directly to consumers and business. Johnson and Meiners (1987) cited in Macrinic and Bilal (2011) suggested that outbound telemarketing involves calling customers through direct mail appeal or an outbound telephone. Outbound telemarketing activities are important in actively prospecting consumers

and they are usually performed by contact centers employee involving managing complains, cross selling and activities on regaining lost customers (Filip and Voinea, 2012). According to Lancaster and Reynolds (2005) outgoing call telemarketing is simply a return of an incoming call where existing customers are contacted asking if they want to take advantage of a specific offer. The above authors agreed that outbound telemarketing is about calling the prospects and existing customers soliciting for a direct response which might be a direct order which improves the sales revenue. They left out the issue of qualifying some prospects and selling products to customers who have been qualified as covered by Verges (2003).

Kayode (2014) proposed that a telemarketer can use consultative selling techniques putting an emphasis on what the customer needs and wants by listening more than talking. Kayode further outlined the benefit that businesses derive from telemarketing program. These include increased potential customer sales and sales upgrading. Telemarketing also allows encouragement of multiple orders and old accounts re-activation. Kayode (2014) also stated that telemarketing program offers support for the current sales team. Kotler and Keller (2006) outlined the four telemarketing steps which companies make when practicing the program which include:

- Telesales which involves taking orders from catalogs or advertising and also contacting the customers.
- Tele-coverage entailing calling customers to maintain and nurture key account relationships and giving more attention to neglected customers.
- Tele-prospecting is about generating and qualifying new leads for closure by another sales channel. The fourth step involves customer service and technical support which is about answering service and technical questions (Kotler and Keller, 2006)

2.4.2 Advantages of telemarketing

An efficient telemarketing campaign should allow direct marketer to enjoy the benefits listed below as suggested by various authorities.

Table 2.1

Attribute	Benefit
Receptiveness (Kayode 2014, Gherman and	Most prospects are more receptive to telephone

Marcu 2010)	calls than personal contact.
Impressions	Unbiased first impressions can influence sales success. The telephone can help minimize many of the potential customers' biases because pre-judgments can be biased only on the caller's voice.
Wide geographic coverage (Kayode, 2014 and Thomas, 1998)	Telephone salesperson can penetrate markets anywhere where telephones are available transforming demands into orders.
Better time management (Kayode 2014)	The telemarketer uses the majority of the work day to sell because of reduction in travelling and waiting time. The salesperson makes repeated within the same day.
Immediate feedback (Zait et al 2006, Kayode 2014)	Telemarketing facilitates immediate dialogue with customers evaluating new sales strategies and allowing them to be readily tested and re-tested before being applied in the market. Telemarketing is flexible in that a salesperson can change the action depending to the response given by the prospect.
Better control	Inside sales force can be supervised more easily than field ones. A single supervisor can monitor five or more telephone salespersons.
More presentations (Verges 2003 and Kayode 2014)	A conscientious field salesperson may obtain one quality prospect after five calls but he would be able to make at least close to three calls per day thus making interest of contacted prospects. Telephone marketing allows market prospecting and recruiting new customers.
Reduction in unethical acts, (Kayode 2014)	Inside sales personnel are not usually exposed to competitor's salespeople. This reduces the

	possibility of their getting contaminated by unethical acts
Lower sales people maintenance costs	Compensation package for a telemarketer is usually lower than a field salesperson's package (Kayode, 2014). Claeysen et al 2009 opposed this view by indicating that the service providers need training and it is costly.
Lower expense per sale	A telemarketer can perform diverse duties as handling marginal accounts and simple order taking more quickly than an outside salesperson (Kayode, 2014). Claeysen et al disagreed to this assertion by indicating that cost of calling customers is higher when compared to other direct marketing channels.

Source: Claeysen et al (2009), Multi-Channel Direct Marketing

2.4.3 Empirical study

Empirical Evidence Case 1: USAA (Source: Kotler and Keller (2006).Marketing Management 12th Edition.)

USAA in San Antonio in Texas proved that a company can successfully conduct its entire insurance business over the phone without ever meeting customers face to face. USAA firstly focused on selling auto-insurance and later other insurance products to people in the military service. The company increased its share of each customer's business by launching a consumer bank issuing credit cards, opening a discount brokerage and offering a selection of no load mutual funds. In spite of the business taking place over the telephone the company boasts one of the highest customer ratings of any company in United States of America. USAA has received the chairman's award from J D Power and Associates in 2002. This empirical study proved that telemarketing is successful in improving market share and sales revenue. Majority of studies

were done in developed countries therefore the researcher is motivated to find out if companies in the confectionery industry can enjoy the same benefits of telemarketing.

2.5 The contribution of direct mail on making repeat purchases.

Direct mail refers to personally addressed advertising that is delivered through the postal system (Fill, 2009). The author added that direct mail can be personalized and targeted with great accuracy that the results are capable of precise measurement leading to increased markets and media fragmentation which together reduce the effectiveness of general advertising. Direct mail is the use of postal service to distribute informative literature or other promotional material to selected customers (Lancaster and Reynolds, 2005). Direct mail creates a receptive atmosphere for the company salespeople through a cordial contact mailing that build the reputation of the company and through the impression created. Successful direct mail places the company at a favourable position in the minds of the customers creating goodwill that might trigger action through repeat purchases as supported by Shanker (2002). Direct mail can be used to accurately identify market sectors and provide appropriate messages to each sector (Lancaster and Reynolds, 2005). Solomon and Stuart (2003) had a different view of direct mail where they defined it as a brochure or pamphlet offering a specific product or service at one point in time. As suggested by Brennan, Canning and McDowell (2011) direct mail consist of material sent either online or offline which can be particularly effective in delivering individualized message to a specified target recipient at a precise point in time. Solomon and Stuart (2003), Brennan, Canning and McDowell agreed that direct mail involves selling one product at a precise point in time but their definitions are slightly different in that the definition by Brennan and his colleagues involve the sending products online which is a different issue from other views by different authors. Although many authors regard direct mail as convenient medium for marketing products Durvasula, Akhter and Bamossy (1996) regards it as risky because customers have to provide their credit card numbers when ordering products.

Kotler and Armstrong (2013) defined direct mail is direct marketing by sending an offer, announcement, a reminder or other item to a person at a particular physical or virtual address. Direct mail is well suited for one on one communication and it permits high target market

selectivity and can be personalized and is flexible and it allows easy measurement of outcomes (Garg 2014, Kotler and Armstrong 2013). Direct mail has proved to be a very successful method for all kinds of products. In harmony with the above definition Kayode (2014) is of the view that direct mail includes the dispatching of an offer, an announcement, a promotional message, reminder or other material to a customer or prospect at a particular geographical location. Direct mail has become very popular because it permits high target market selectivity. Kotler and Keller (2005) and Kotler et al (1999) argued that direct marketing means sending an offer, announcement, reminder or other item to an industrial customer. Firms can send out millions of mail pieces every year including letters, fold outs and other salespeople with wings. The success of a direct mail campaign is judged by the response rate where a response rate of 2% is considered good. Successful direct mail produces prospect leads, strengthen customer relationship, inform and educate customers, remind customers of offers and reinforce recent customer purchase decisions. The company's best prospects are the customers who had buy its products in the past (Kotler and Keller, 2005). The above authors agreed in their definitions of direct mail, they highlighted that it involves the organization dealing directly with its customers without the help of distribution intermediaries. Jones (1997) looked at the opposite view of direct mail when he mentioned that the final customer is the one who pays for the direct mail thus this medium discourages some customers to order through mails.

Duncan (2005) defined direct mail as one form of direct response advertising that uses mail rather than other media to deliver a brand offer. The first strength of direct mail is addressability thus if the company can identify its market, a mail can be cost effective in minimizing wastes. Successful direct mail practicing offers an organization a wide range of benefits as suggested by Kayode (2014). Direct mail can be aimed directly at any group of consumers and it can also be sent out to the consumers as soon as it can be prepared and addressed. Kayode further added that direct mail is not affected by time and space limitations of other media as each mailing material can be individualized and personalized to be absolutely confidential. The direct mail material can take any size or form that the local mailing method allows and the direct mail material carries full information about the firm's products. There is no direct competition with other advertisement methods when using direct material. Market testing can be accommodated on the product, price or appeal before the product is sent out to the whole market. Kayode (2014) further added that direct mail is used to send gifts, greetings, thanks and even apologies with the

goal being to enhance goodwill of the company. When a direct mail is sent using the names of the customer personally, it moves into the realm of a personalized communication. Many customers claim that they are not influenced by direct mail however a response rate of a few percentage is often enough for direct mail to be considered a success Adcock, 1998). Palmer and Stul (1991) are of the view that direct mail is used to reach prospective buyers on an individual basis using direct channels such as sales letter, announcements, endorsements, price lists and calendars. Mason et al (1986) came up with a different definition defining direct mail as the marketing of goods and services directly through the mail by means of catalogs and other mailing lists. Setnes and Kaymak (2001) had a different view of direct mail as they mentioned mails are often considered as junk when uninteresting offers are sent to prospects resulting in loss of market share.

Cross (2014) proposed that direct mail is a form of direct marketing in which marketing materials are sent directly to the residence or business of the targeted customer using flyers, postcards and enveloped letters or tri-fold postcards. Direct mail is an effective communication that any company can use to engage its targeted customers and invoke them to take action. It is an effective tool for business as it disseminates complete information about products and it can be used to supplement other direct marketing efforts for example a direct marketer can send a direct mail to inform customers about the product then follow up with a phone call or a physical sales visit.

2.5.1 Empirical study: L.L Bean. Source: Kotler and Keller (2006)

One company that has long been recognized for its strong and beneficial focus on customers is Maine's L.L. Beans which sells casual clothing through mail order and online catalogs. To maximize customer satisfaction the company has an unambiguous 100% guarantee for all purchases. L.L. Bean placed a notice on the wall that the company does not consider a sale complete until goods are worn out and the customer still satisfied. As direct mail proved successful for L.L Beans the researcher hopes companies in the confectionery industry can engage it as marketing vehicle to enjoy benefits of increased performance. Direct mail brings new inquiries and gets the company good business (Shanker, 2002).

2.6 Other direct marketing channels

As suggested by Zikmund and D'Amico (1996) direct marketing refers to marketing that uses advertising, telephone sales or other communication to elicit direct responses from customers. It involves using other vehicles to reach target prospects. Lovelock and Wirtz (2004) added that direct marketing embraces mailings, recorded telephone messages and emails. Other forms of direct marketing are explained below.

2.6.1 Face to face selling

Garg (2014) mentioned that face to face selling is the oldest and original method of direct marketing. This medium involves the use of sales calls and door to door selling approaches. Kayode (2014) and Garg (2014) agreed in their description of face to face selling when they mentioned that direct marketers employ professional sales people to identify prospects and developing them to customers thus growing the business. Kotler et al (2001) mentioned that the aim of face to face selling is to convince the customer in respect of the product being promoted.

2.6.2 Catalog marketing

This method is used when firms mail one or more product catalogs to selected prospects or current customers who have the most probability of placing orders (Kayode, 2014). Big merchandisers operate catalog counters in their stores and catalog offices in small communities where customers visit to examine the catalogs and place orders. In catalog marketing companies send a full line merchandise catalogs usually in print form (Kotler and Keller, 2006) and Garg, (2014). Avon sells its cosmetic through catalogs. Catalog marketing refers to the promotion of goods through catalogs which are distributed to agents and customers by mail. Traditional catalog marketing was seen as a form of a mail order in which agents passed the catalogs to relatives who ordered through them. A key benefit of catalog marketing to customers is the credit facility which is offered. Kotler and Armstrong (2013) argue that catalog marketing is direct marketing through print, video or digital catalogs that are mailed to select customers, made available in stores or presented online. Solomon and Stuart (2003) defined catalog marketing as a collection of products offered for sale in book form usually consisting product descriptions accompanied by photos of the products. Catalog marketing is used by direct marketer to increase and sustain organizational sales (Macrinic and Bilal, 2011).

2.6.3 Kiosk marketing

A kiosk is a small building that houses a selling unit Garg, (2014) and Kotler and Keller, (2006). The name describes newsstands, refreshments stands and free standing carts whose vendors sell different products. The structures are often found in bus terminuses (Kotler and Keller, 2006). As cited in Kotler and Keller (2006) McDonalds found out that its customers who used kiosk to order spent 30% more per order. As companies become more and more comfortable with technology, many companies are placing information and ordering machines called kiosk (Kotler et al, 2010).

2.6.4 Mobile marketing

A mobile phone is one of the products that have gained a global acceptance quickly (Barnes and Scornavacca, 2004). This refers to the sending of short messages directly to individual mobile phones. This approach is extremely successful as it allows personalized messages and the establishment of a dialogue which enables a long term relationship between the company and the potential customer. Mobile phones and wireless devices have quietly become newest for big brands (Kotler et al, 2010). Companies like Burger king and McDonalds are integrating mobile phones into their direct marketing. Cell phone promotions include text in contests, special sales and gift suggestion. McDonalds put a promotion code on 20 million Big Mac packages in joint sweepstakes contests with the house of Blues urging customers to take part on winning prizes. Kotler et al (2013) argued that the rapid diffusion of smart phones provides a growing method of gaining access to targeted individuals. Fresh Encounter, a Findlay Ohio grocery store uses text messaging to help customers plan their meals.

2.6.5 Inserts

These are media materials placed in magazines or direct mail letters. They do not just provide facts about the product but they also enable the prospect to respond to the request of the firm (Fill, 2009). Kayode (2014) and Bearden, Ingram and LaForge (2002) added that the customer reads about an offer then phone the company using the toll free number provided to place orders. Young, Weis and Stewart (2006) inserts offers a high rate of return.

2.6.6 Print

This includes all form of the newspaper (local, regional or national), magazines and directories (Adcock, 1998). The newspaper advertising carried will obviously depend on whether the newspaper has a national or local distribution where local papers have always large section of classifieds. Newspapers have a wide variety of reader's interest and are better adapted to advertising products that are in general use. There are two types of newspaper advertising which are display and classified advertising. Display advertising is scattered throughout the pages of the newspaper and normally contains one illustration while classified advertising is grouped in certain sections of the newspaper. Palmer and Stul (1991) a magazine is a highly selective medium because there are a wide variety of magazines directed towards the interests and tastes of the customers. Jones (1997) is of a different view that magazines are used to target a large market and it is difficult to personalize the promotional messages through magazines.

2.6.7 Radio

Radio is defined as a medium carrying communication. It is a major communication media for some captive audiences reaching car drivers (Adcock, 1998). Palmer and Stul (1991) and Kayode (2014) suggested that people tend to listen to the radio in the morning getting news about products then dials the toll free number provided placing orders.

2.6.8 Television

In the average home the television set is on at least seven hours a day therefore a television is a very important advertising medium (Palmer and Stul, 1991). A television is used for direct response advertising (Bearden, Ingram and LaForge, (2002).

2.7 The future of direct marketing

Direct marketing will continue to grow because organizations want to increase the return on investment for the shareholders (Uncles, 1994). Direct marketing has the capacity to deliver that promise. Market defragmentation is also forcing companies to divert their funds from mass marketing to a more targeted approach. The growth of new technologies is also the sole reason why direct marketing is growing erroneously (Rowe, 1989). Organizations which adopt direct marketing strategies for the purpose of maintaining relationships with customers they win the

market (Feinberg and Eastlick, 1997). It is important for organization to get and maintain loyal customers. Peppers and Rogers (1993) argued that it is expensive to acquire new customer than retaining existing ones. Direct marketing directly recognizes the long term value of prospects and existing customers, seeks to increase revenue and profits through targeted marketing efforts directed to developing, maintaining and enhancing a successful and fruitful company- customer relationship. Direct marketing techniques are continually being improved and developed and new innovative media likely to be developed in future (Lancaster and Reynolds, 2005). Direct marketing is a major force in marketing and it likely to grow in future as direct marketing agencies are recording over one billion dollars of sales every year. Adcock (1998) argues that the growth of direct marketing is due to the development of database marketing and proliferation of new products. The author further added that the multiplication of distribution channels is also making organizations focus on a more targeted marketing strategy. Levitt (1983) suggested that the future will be a future of more and more intensified relationships especially in industrial marketing but also increasingly in frequently purchased consumer products.

2.8 Public issues in direct marketing

Marketers and customers often enjoy mutually rewarding relationships however a darker side usually emerges as the aggressive tactics of some firms can bother consumers (Kotler and Armstrong, 2013). Many people get irritated by the increasing number of direct marketing solicitations which are bothersome. They include late night calls and computerized calls placed at auto redial recorded message players (Durvasula, Akhter and Bamossy, 1996). Some direct marketers take advantage of impulsive buyers which is regarded as unfairness. Direct marketers also have a tendency of designing mails and writing copies intended to mislead buyers through exaggerating product size, performance and or retail price (Bearden, Ingram and LaForge, 2007). This is termed deception and fraud. Consumers today are concerned with their privacy (Kotler and Keller, 2006). They dislike the idea of having their names moving around to different types of business. While companies must respect and protect customer privacy, the successful direct marketing can give a competitive edge.

2.9 Summary

This chapter reviewed the concept of the direct marketing definition, techniques and its role in the market giving empirical studies of where it was successfully practiced. It also examined the

contribution of database marketing to the development of deep profitable relationships between the direct marketer and the customers. Most arguments proved that direct marketing brings new customers to the organization. The researcher also noticed that the implementing direct marketing helps getting the organization good business. The researcher also noticed that the purpose of direct marketing is to build relationships with customers and exploiting that relationship mutually between the company and the customers. Based on the reviewed concepts companies can actually generate sales from identifying new prospects through direct marketing. The chapter also exposed the gaps in direct marketing literature which the researcher aims to fill in carrying out this research.

The next chapter looks at the research methodology.

Chapter 3

Research Methodology

3.0 Introduction

This part looked at the various methods that were used to conduct a study and looked at various research elements that were used for this research. It outlined the ways and techniques that were applied in this research to gather and collect data from the respondents. The objective of this section was to present and critically analyze the research techniques that were selected for use in this research.

3.1 Research Design

A research design is a plan of methods and procedures that is used by a research to collect and analyze data. For this research the researcher only used exploratory and descriptive research designs.

3.1.1 Exploratory research design

Shukla (2010) suggested that exploratory research design deals with exploring into the phenomenon. Exploratory research design is a research design intended to develop initial insights and to provide direction for any further research. Exploratory research can also be used in cases where the researcher has to find the problem more precisely and gain additional insight before going to confirm the findings. Exploratory research design was used where the researcher examined journals, books and articles. The researcher also used Bakers Inn production records as a tool for exploratory research design. The research design enabled the researcher to investigate the direct marketing strategies to be adopted by Bakers Inn preferred by the customers through the use of interviews and questionnaires as sources of primary sources of data.

3.1.2 Descriptive research design

Descriptive research design is typically concerned with determining the frequency with which an event occurs or the relationship between two variables, (Shukla, 2010). Descriptive research design is a scientific method which involves observing and describing the behavior of a subject,

in this case the customers, without influencing it in any way. The researcher selected this research design as it allowed the researcher to get the customers' understanding of the situation being explored. Descriptive research design is most appropriate as it allows the researcher to get first hand information from the respondents through the survey method.

3.2 Target population

A target population is a set of all people being studied usually from which a sample is drawn (Kotler and Nancy, 2008). A defined target population consists of a complete group of elements that are identified for investigation based on the objective of the research study. In this study the target population was comprised of employees, management and the customers of Bakers Inn. Total bakers Inn customers in Gweru add up to 500.

3.2.1 Sample frame

Shukla (2010) defined a sample frame as a representation of the elements of the target population. It consists a full list of all members of the population that the researcher wishes to study. The sample frame for this study included management, employees and customers. 500 customers were selected as a sample frame.

3.3 Sampling methods and techniques

Sampling is the process of selecting a relatively small number of elements from a large defined group of elements, (Hair et al, 2008). The results obtained from the smaller group can be used to make judgments of the large group of elements. Sampling methods are classified into two groups that are probability and non-probability sampling. In probability sampling every member of the population has an equal chance of being selected. The techniques include simple random sampling, cluster sampling, systematic sampling and stratified sampling. In this research the researcher used probability sampling which encompasses the selection of all elements which allows reliability of results. The researcher used stratified random sampling technique. Stratified random sampling method is whereby a defined and chosen population is put into groups called strata and from these strata samples are selected randomly, (Hair et al 2008). The stratified random sampling method were used on customers. This method reduced costs since the researcher did not travel to the whole population. It saved time and resources.

3.3.1 Sample size

Zikmund (2003) defines a sample size as a subset of some part of the large population. This refers to the number of elements in the obtained sample. King (2010) outlined that if the target population is small, a sample size of between 10 to 30% represents the total population. King also stated that any population which is below 150 000 can use 10 to 30% and any population above can use 1% as a sample size.

Table 3.1: Sample size determination

Sub group	Target population	% of population sample	Total sample
Management	2	20%	0.4
Employees	20	20%	4
Customers	500	20%	100
Total	522	20%	104

3.4 Sources of data

The researcher made use of secondary and primary sources of data.

3.4.1 Secondary sources of data

Dr Greener (2005) defined secondary data as data which the researcher did not collect for themselves directly from respondents or subjects. It is data that was not collected with the researcher's purpose and objectives in mind. The researcher obtained secondary data from the organization. Daily sales reports, weekly business reports, company profile and monthly sales trends were explored

3.4.2 Primary sources of data

Kotler and Nancy (2008) suggested that primary data consists of all information collected for the purpose at hand for the first time. It's a journey to undertake on after you have exhausted all secondary resources. Primary data is data that is captured for the first time for the specific purpose. Primary data was collected through questionnaires and personal interviews.

3.5 Research instruments

The researcher used personal interview and questionnaires.

3.5.1 Questionnaires

Shukla (2010) state that a questionnaire is a formalized set of questions involving one or more measurement scales designed to collect specified primary data. A questionnaire is a research instrument designed to generate the data necessary for executing the project's objectives. In this research the researcher used both open ended and closed ended questions. Open ended questions allowed for a detailed and a variety of information to be obtained. Close ended questions allowed the researcher to get information which was relevant to study. Likert scale questions were used to capture the respondents level of agreement and disagreement. Stratified random sampling technique was used on this research.

3.5.2 Personal interviews

Personal interviews are one of the most used survey methods in marketing research. In this technique the survey instrument mostly a questionnaire is administered by a trained interviewer who asks questions and record the respondent's answers, (Shukla, 2010). Interviews are a verbal technique of obtaining primary data. The researcher used in-depth and semi-structured interview questions. In-depth interview questions allows the researcher to obtain in-depth information on the area of interest and semi-structured questions gives the respondents room to answer the questions in their own views.

3.6 Data collection procedure and administration

Kotler (1996) stated that data collection procedure entails how primary and secondary data will be collected. This refers to the steps which the researcher took in administering data. The researcher did a pilot study first and then distributed questionnaires to the management,

employees and customers. Stratified random technique was used in distributing the questionnaires and this was done by the researcher in person.

3.7 Validity and reliability of findings

Shukla (2008) explained that the validity of a scale is defined as the extent to which differences in observed scale scores reflects the true differences among the objects on the characteristics being measured and reliability in research relates to consistency of results over a period of time. To ensure validity and reliability of the findings the researcher did the following:

- Conducted a pilot study – this is a research project conducted on a limited scale that allowed the researcher to get a clearer idea of what the researcher wanted to know and how best to find it without the expense and effort of a full study. The researcher pre-tested the research questions and refined them through the help of the supervisor and friends.
- The researcher used a larger sample size as it gave reliable results.
- The researcher used simple and unambiguous questions to avoid some misunderstanding of the questions to ensure correct and reliable responses are obtained.
- The researcher used simple and clear questions so that gathering of data would not take much of the respondents time to ensure validity.
- Triangulation – this refers to the use of more than one approach to the investigation of a research question in order to enhance confidence in the ensuing of findings. The researcher used data triangulation which entails gathering data through several sampling strategies so that data on a variety of people is gathered (Denzin 1970). The sampling strategies included questionnaire and personal interviews.

3.8 Ethical considerations

In order not to clash with respondents' busy schedules the researcher used appointments. The researcher also respected the respondents' privacy and confidentiality so that the research study would not be a failure. The researcher also avoided bribery in the course of the research.

Additionally the researcher did not persuade respondents who were not willing to give out their views on the matter being asked.

3.9 Data presentation and analysis tools

The purpose of presenting data is to highlight the results and to make the results more illustrative. Data analysis involves making a comparison of outcomes of various treatments upon several groups and making a decision in order to achieve research objectives. . The researcher used tables, pie charts and bar graphs in analysing quantitative data. Quantitative data was analysed using microsoft excel and percentages. Paragraphs, direct quotations and content analysis were used for presenting qualitative data.

3.10 Summary

This chapter looked at research methodology used by the researcher in conducting this study. The chapter highlighted research design, approach, target population, sampling methods and techniques as well as the research instruments. The next chapter covers data analysis, presentation and discussion of findings.

Chapter 4

Data Analysis, Presentation and Discussion of findings

4.0 Introduction

This chapter shows the methods and instruments of data analysis and presentation. Both qualitative and quantitative data have been analyzed. Qualitative data have been presented using continuous paragraphs, direct quotations and statements. The presentation of quantitative data has been done using pie charts, bar graphs and tables.

4.1 Response rate

One hundred and four questionnaires were administered, 100 questionnaires to customers and 4 employees. The table below shows the response rate from different respondents.

Table 4.1 Response rate from respondents

Respondents	Questionnaires Distributed	Questionnaires returned	Response rate %
Employees	4	3	75%
Customers	100	80	80%
Total	104	83	80%

Appointments were made with managers and interviews were a success as the managers were available in their offices during the times of interviews. As illustrated by table 4.1 above results 104 questionnaires were distributed and 84 were returned resulting in a response rate of 80.8%. The high response rate might be attributed to the fact that the respondents developed an interest of the topic under study and were given the questionnaires to fill at their own pace over the night. 20% non response rate might be as a result of spoiled papers by some customers and employees who were absent at work when the questionnaire were collected.

4.1.1 Respondents by gender

To ensure a balanced view from both males and females the researcher distributed the questionnaire to both gender. The findings showed that woman participated more in this research. The figure below shows the respondents' gender.

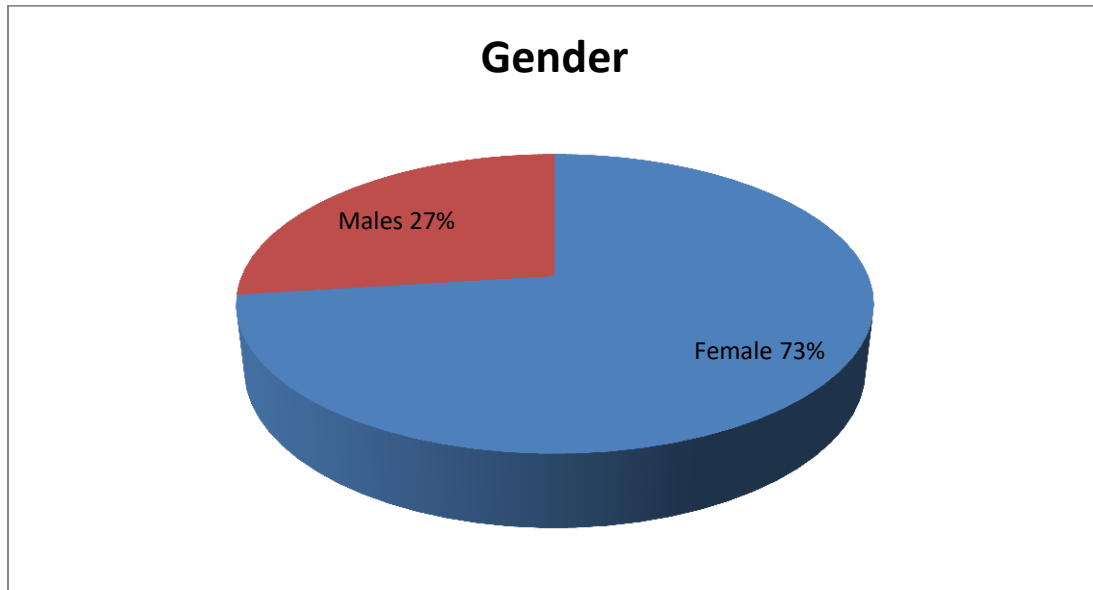


Figure 4.1 Respondents' gender

4.1.2 Respondents by age

Figure 4.2 shows that 81% of the respondents were in the age class of 20 – 30 years, 10% in the age group of 30+ - 40 years, 5% in the age group 40+ - 50 years while 4% were above 50 years. Respondents in the age group of 20 – 30 years participated more in this research study.

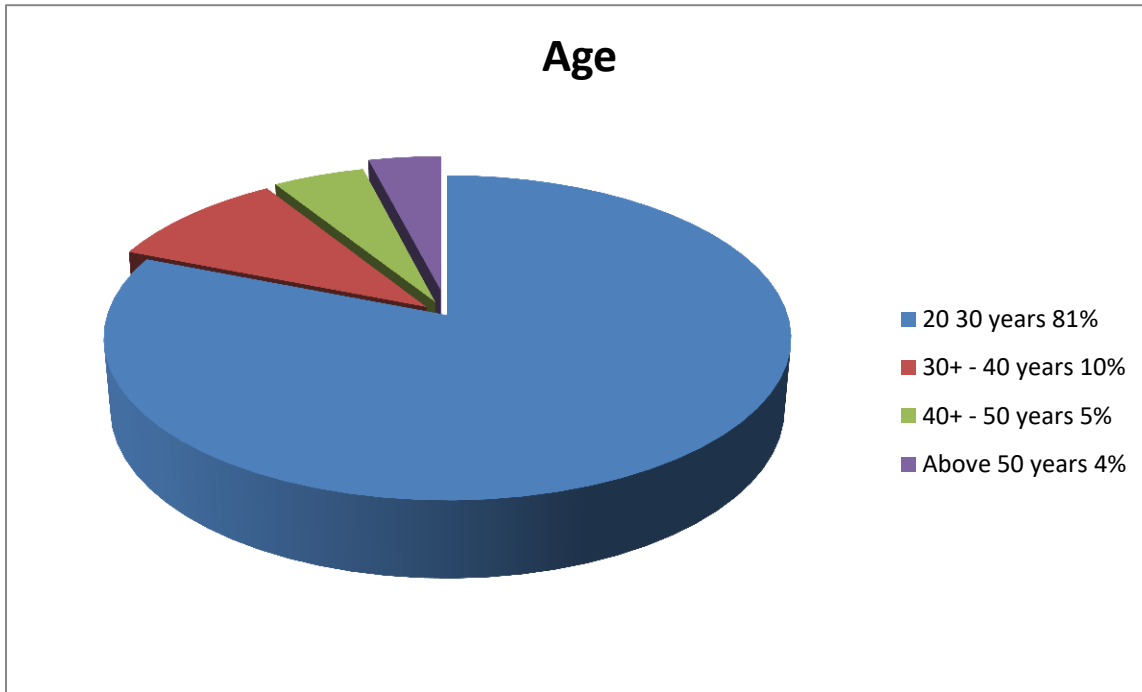


Figure 4.2 Respondents' age

4.1.3 Respondents by qualification

Figure 4.3 presents the qualification of different respondents who participated in this research. The results prove that respondents from the higher and tertiary education contributed in this research.

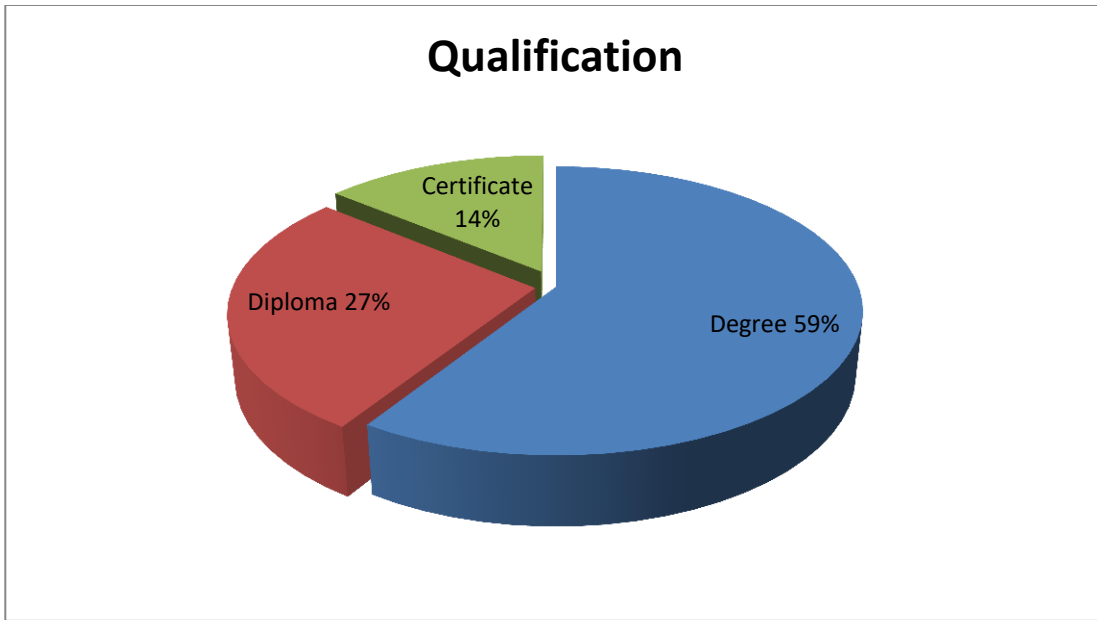


Figure 4.3 Respondents' qualification

4.2 Analysis of responses on the importance of direct response advertising on market share

The researcher sought to establish the importance of direct response advertising on market share. Responses gathered from the study are presented on figure 4.4 below.

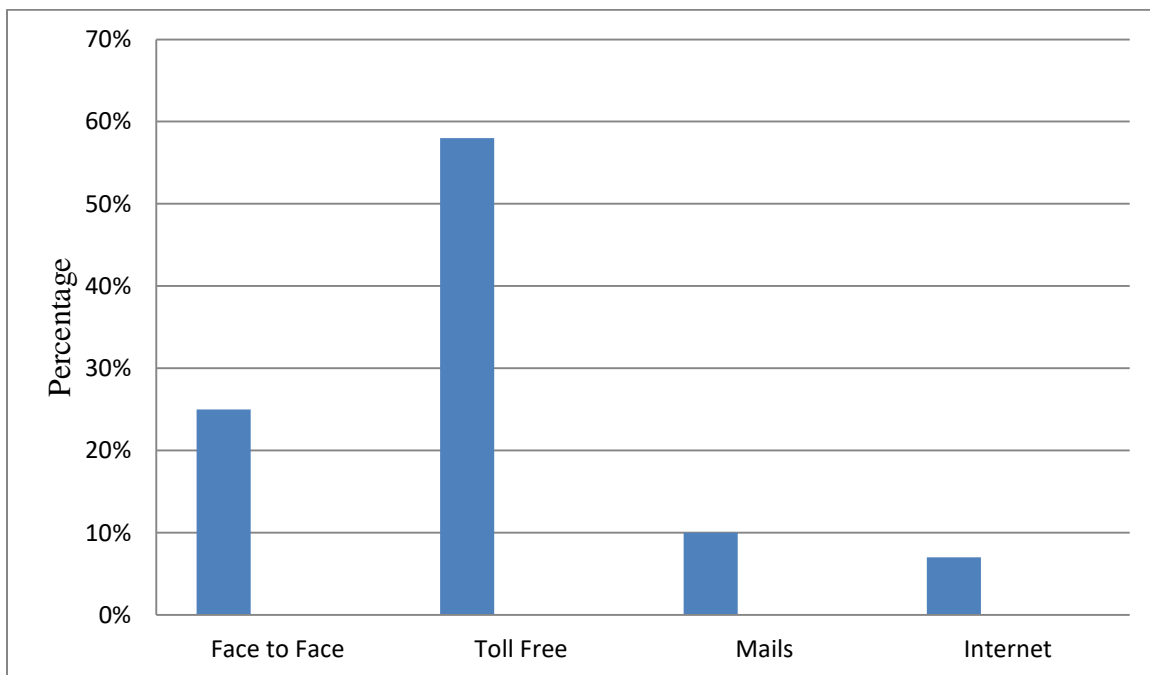


Figure 4.4 showing the most preferred direct response advertising media

As shown on figure 4.4 above 58% of the respondents preferred Bakers Inn should use a toll free number, 25% preferred face to face communication, 10% preferred mails whilst only 7% preferred using internet to communicate with Bakers Inn. Of the 58% who stated that they prefer a free telephone number for communication with Bakers Inn argued that a toll free enables customers to place orders, request for more information or make appointments with the sales representatives in an easy way. The 25% who stated that Bakers Inn should use face to face communication mentioned that this method provides more useful information about the product. The views from the questionnaire that a free telephone number encourages new prospects to request for more information about the products are in agreement by some managers' opinions from interviews who argued that more customers request for more product information and make appointments using a toll free number. In response to a question, '*What methods do you use to disseminate product information to customers?*', the manager responded, '*As sales people we are given airtime by the company to call customers answering their questions on product information but most of the customers complain that the company should provide a free telephone number so that it will be easy for them to ask what they need to know regarding Bakers Inn offerings.*'

4.3 Analysis of responses on the importance of telemarketing on improving sales revenues

Research sought to examine the importance of telemarketing on improving sales revenues. Responses gathered from the research study are presented on figure 4.5 below.

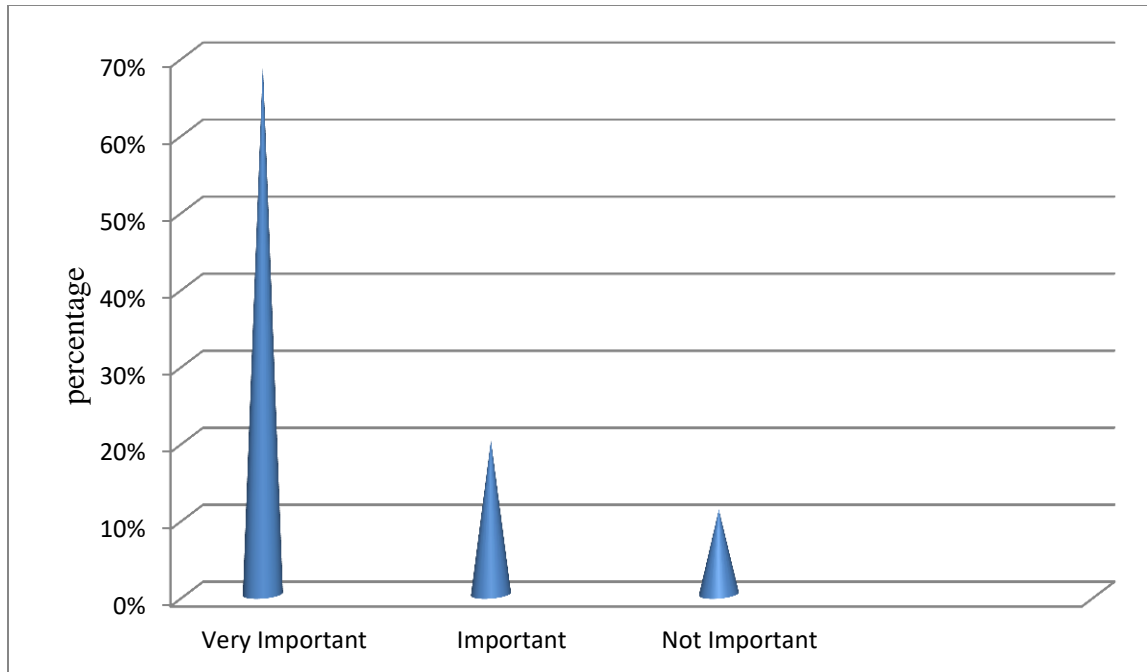


Figure 4.5 showing response of customers on the importance of telemarketing on improving sales revenue

As shown on figure 4.5 above 69% of the respondents stated that telemarketing is very important on improving sales revenue. 20% mentioned that telemarketing is of average importance on improving company performance in terms of sales revenue while 11% argued that it is not important. Of the 69% who mentioned that telemarketing is very important expressed that telemarketing makes routine reordering very quick and it provide a customized means of communication. On the other hand 11% who were in disagreement went on to say telemarketing is expensive. These views from questionnaires were supported by opinions from interviews were managers stated that telemarketing generates an immediate response which shows a traffic of inbound calls from customers placing orders and asking for brochures. In response to a question, *‘Does telesales make re-ordering much easier for customers?’*, the manager replied, *‘To a greater extent telesales are useful in making re-orders as we receive many calls from customers requesting for top up orders’*. These views are supported by Lancaster and Reynolds (2005) cited in literature review when the said that much routine re-order placement can be handled over the phone without the need for a costly personal visit.

4.3.1 Analysis of responses on the influence of telemarketing on the customer purchase decision.

The researcher sought to find out if telemarketing influences customer purchase decision. Responses obtained are presented on figure 4.6 below.

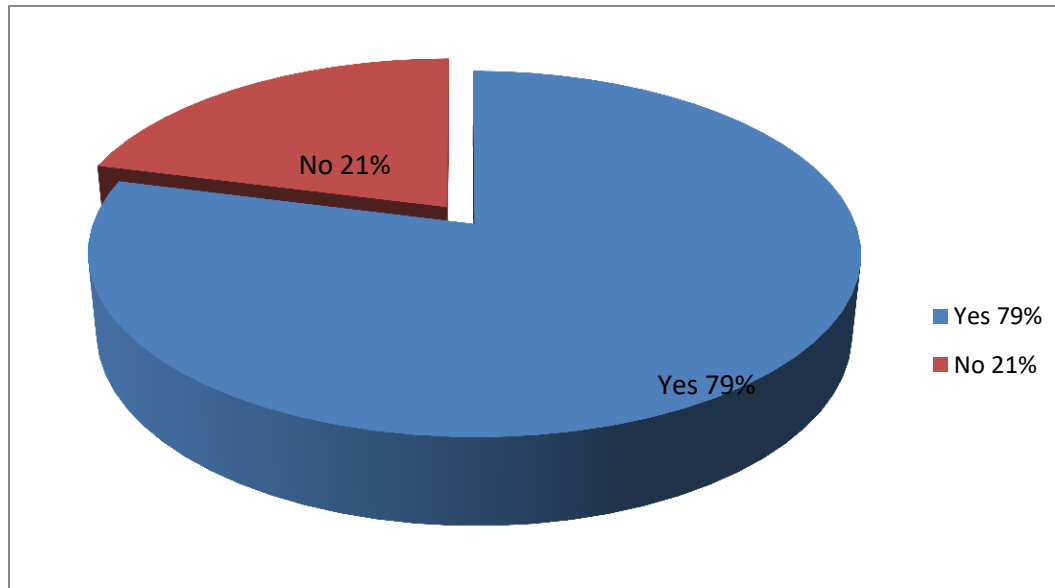


Figure 4.6 showing the influence of telemarketing on customer purchase decision

As shown on 4.6 above, 79% of respondents stated that telemarketing has a positive influence on customers' purchase decision. Only 21% mentioned that the purchase decision is not affected by sales calls. Of the 79% who stated that telemarketing increases the customers purchase behavior expressed the view that telemarketers with pleasant voices and enthusiasm asks questions that catches the customer's interest which result in the customer placing orders thus increasing the sales volumes of a company. 21% of the respondents stated that telemarketers with bad personal habits on the telephone affect the effectiveness of the strategy resulting in no gain for the company. The views above are supported by Kayode (2014) cited in literature review when the author stated that company can derive more benefits from telemarketing which include encouragement of multiple orders and increased potential sales.

4.4 Analysis of responses on the contribution of direct mail on making repeat purchases

Research sought to determine the contribution of direct mail on making repeat purchases. The responses obtained are presented on figure 4.7 below.

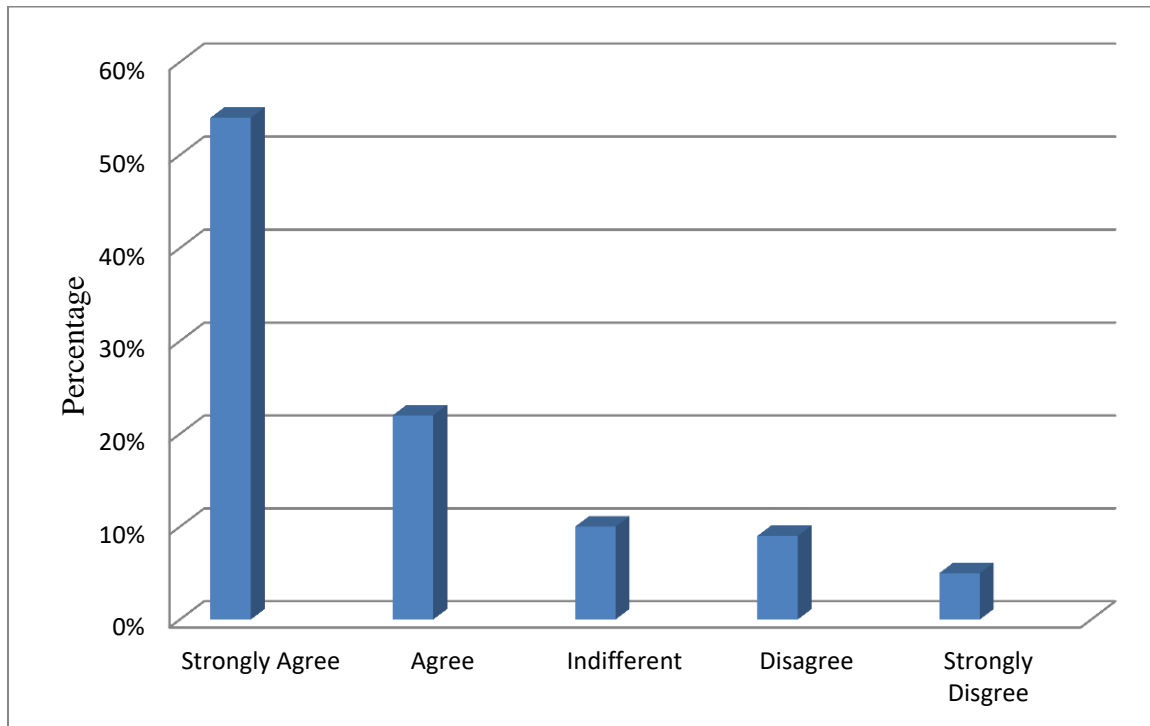


Figure 4.7 showing the contribution of direct mail on making repeat purchases

Figure 4.7 above show that 54 % of the respondents strongly agree, 22% agree, 10% is indifferent, 9% disagree whilst 5% strongly disagree that direct mail contributes much on making repeat purchases. 54% of the respondents who strongly agree that direct mail contribute substantially on making repeat purchases states that mails persuade customers to place orders. They went on to say that follow up mails increase repeat purchases as the company makes a follow up on whether the customer really got satisfied with product or service consumption. 22% of respondents who agreed expressed the view that direct mail provides more information about the product such that the customer can make an informed decision when purchasing the product

which creates goodwill for the company. The respondents who disagreed referred direct mail as a junk mail because it only carries business message which have no any editorial issues.

4.4.1 Analysis of response on direct mail as a convenient medium of communication.

The research sought to find out the importance of direct mail as communication medium. The gathered responses are shown on figure 4.8 below.

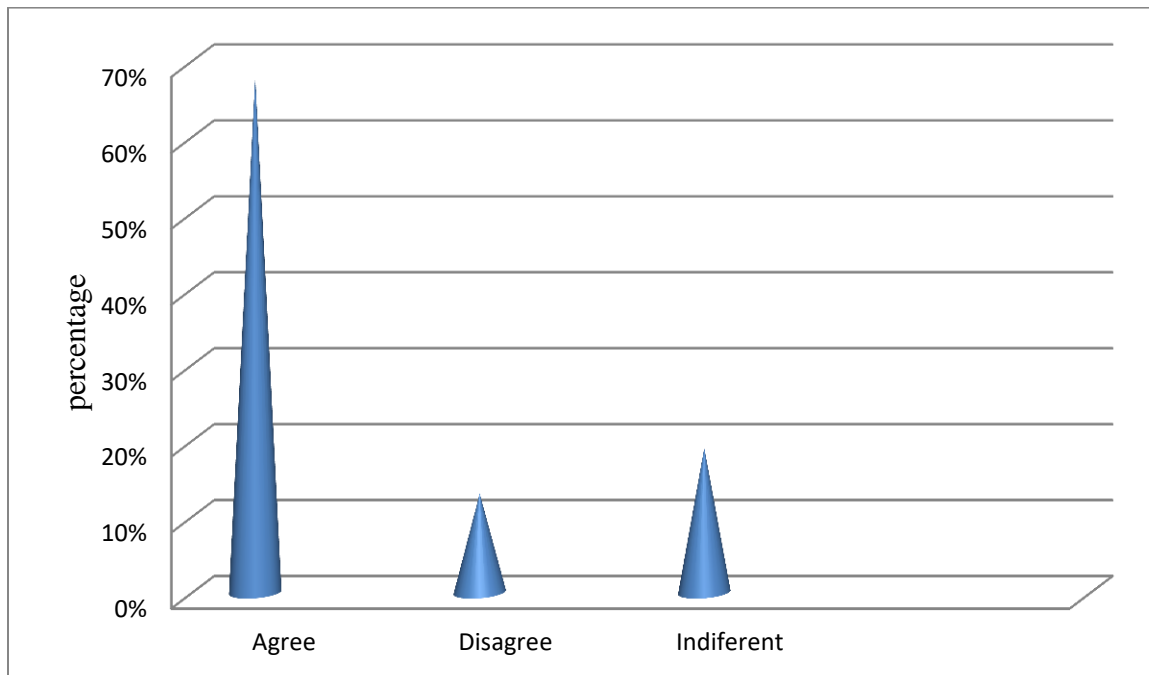


Figure 4.8 showing the importance of direct mail as a communication medium

As illustrated by figure 4.8 above 68% of the respondents stated that direct mail is an important medium for communication between a company and its customers. 13% disagreed and 19% was not sure of the benefits of direct mail as a communication vehicle between companies and consumers. Of the 68% of respondents who agreed that direct mail is important they stated that it is convenient medium for communication purposes. These results were also supported by some manager's opinions who stated that direct mail is convenient as it allows customization and personalization of promotional messages to individuals.

4.5 Summary

A combination of both qualitative and quantitative approaches was used for analyzing data for this research. Data analysis produced the following results;

- There is an agreement between customers and Bakers Inn employees that the use of a free telephone number is effective for encouraging an immediate response from customers. 58% of the respondents mentioned that they prefer a toll free and this makes more customers respond to Bakers Inn promotional efforts. 25% of the respondents preferred face to face communication to arouse a quick response. This improves the company market share as it allows many customers to get much product information.
- 69% of the respondents mentioned that telemarketing makes routine reordering very easy and effective. These findings are supported by management who aired out there will be a traffic of inbound calls by customers placing orders. This improves sales revenues as the number of orders increase. 79% of the respondents also stated that telemarketing has a positive influence on customers purchase decision. Telemarketer with pleasant voices especially woman are able to convince the customers to increase their orders through catching their interests.
- There is an agreement between the employees and management in that direct mail has a positive contribution on making repeat purchases. 54% of the respondents stated that follow up mailing to check if the customers need is fully satisfied increase customer loyalty and the satisfied customer is more likely to make a repeat purchase.

The next chapter covers the summary, conclusions and recommendations.

Chapter 5

Summary, Conclusions and Recommendations

5.0 Summary

This research focused on evaluating the influence of direct marketing on a company performance. The researcher was motivated by that Bakers Inn is experiencing a decline in performance. The purpose of the research was to establish the importance of direct response advertising on market, to examine the importance of telemarketing on improving sales revenue and to determine the contribution of direct mail on making repeat purchases. Secondary sources of data which included published text books, journals research papers and internet were used to review literature from various authorities in the area of direct marketing and the major findings were that direct marketing is accountable and responsible of making immediate responses from the customers and it is suitable for all kinds of products. Exploratory and descriptive research designs were used in carrying out this research and the research was more qualitative in nature. The target population was comprised of the customers, employees and management from Bakers Inn from which a sample size of 104 respondents was drawn. Primary sources of data, questionnaire and interviews were also used for gathering data from different respondents. The following were the results produced from the research:

- A high number of respondents preferred Bakers Inn to use a toll free number in adverts so that prospects will be able to request for more information about the products. 58% stated that a toll free number is a powerful medium for disseminating product information.
- Telephone selling is very important on improving a company performance in terms of sales revenue. 79% mentioned that telemarketing influences customers purchase decision and it is effective for much routine reordering.
- Respondents mentioned that follow up mailings increase repeat sales from customers as they feel that the company is aware of their needs. 54% stated that mails provide more product information and it persuade customer to purchase the product. The

respondents consider customized promotional effort more effective for building and maintaining company-customer relationships.

5.1 Conclusions

The findings from the research allowed the researcher to make the following conclusions:

5.1.1 Importance of direct response advertising on market share

Research findings revealed that direct response advertising has a positive impact on a company's market share. 58% of the respondents agreed that the use of a free telephone number to allow a direct response from the customers increase the number of prospects who make appointments and request for more information about the products. Therefore this study concludes that direct response advertising is of much importance on improving a company market share. Bakers Inn can derive more benefits from using direct response advertising as a direct marketing tool. Prize draws and coupon press advertisements offering a free telephone number for customers to ask for more information are effective for attracting new prospects.

5.1.2 Importance of telemarketing on improving sales revenue

Findings from the research proved that telemarketing plays an important role in improving a company performance in terms of sales revenue. This is supported by 69% of the respondents who strongly agreed that telephone selling is effective makes it easier for routine reordering of the products. 79% also mentioned that telemarketing influences the customer purchase decision. Therefore based on the research, the researcher concludes that Bakers Inn should fully engage telemarketing as a communication medium as it increases sales and it allows the company to gain market intelligence.

5.1.3 Contribution of direct mail on making repeat purchases

The research revealed that customers are more prone to stay with the company if they feel the company is aware of their needs. 54% of the respondents indicated that follow up mailings are effective for making repeated sales. Direct mail is effective for attracting new prospects and maintaining the relationship between the company and its customers. The study therefore concludes that Bakers Inn should customize its promotional efforts to individual customers through direct mail so as to stay with loyal customers.

5.2 Recommendations

Research conclusions have influenced the researcher to make the following recommendations.

This study recommends Bakers Inn to:

- Individualize promotional activities to individual trade customers. Customized communication encourages trust and relationship to build up based on mutual understanding. Bakers Inn can have an edge over its competitors if it engages in more targeted marketing efforts. The market environment is unstable hence companies should maximize on retaining existing customers.
- Have an active response centre with free telephone numbers. The research encourages the organization to allow for customers responses using a free telephone number. The hardships of economy makes other customers unable to air out their views on company products hence they should be provided with a free phone number to make the communication easy and effective.
- Gather more information about the customers to build a customer database. The organization should keep records of customers' names, phone numbers, physical addresses and the quantity of volumes they purchase. The researcher recommends Bakers Inn to practice database marketing as makes it easier to formulate future marketing activities and plan for promotional activities in cases where the company might want to give a prize reduction for its high volume pushers.
- Make a follow up on its key customers providing support for example merchandising assistance to make sure the product moves effectively. The merchandising facility improves the relationship between the company and the customer. The researcher recommends Bakers Inn to offer merchandisers to big customers who should not only limit their services to Bakers inn products only but should assist on very products which the trade customer might be retailing.

- Effectively attend to out-going and in-going calls as this keeps the customers in touch and it makes the organization gain market intelligence. The researcher therefore encourages the organization to practice telemarketing as this allows the organization to know competitor activities in the market and find strategies to counter and lead in the market in terms of service delivery and quality assurance.
- Engage in relationship marketing with its customers. Telephone selling is a powerful tool for building customer relationships hence the organization is recommended to fully practice telemarketing.

5.3 Area of further research

The present research dwelt on the influence of direct marketing on a company performance in the Bakery and Confectionery Sector looking at Bakers Inn as a case study. It covered the importance of direct response advertising on market share, the importance of telemarketing on improving sales revenue and the contribution of direct mail on making repeat purchases therefore further research is recommended on the influence of internet on direct marketing and the effectiveness of kiosk marketing as a strategic marketing tool.

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www.trainplan.com

www.referenceforbusiness.com

Appendix 1

Questionnaire for trade customers

I am Innocent Mangweni, a 4th year student at Midlands State University currently studying Bachelor of Commerce Marketing Management Honours Degree. I am undertaking a research on **“Evaluating the influence of direct marketing on company performance in the Bakery and Confectionery Industry: A case of Bakers Inn”**. I chose you to take part in the research as you one of the best company’s customers. Your opinion and views are valuable for this research. I kindly request your honest cooperation in responding to the following questions for this research. All your responses will be strictly used for academic purposes only.

Please indicate your answer by ticking where applicable

1. Indicate your gender.

Male

Female

2. Which age group do you belong to?

20 – 30 years

30+ - 40 years

40+ - 50 years

50+ years

3. For how long have you been a customer of Bakers Inn?

0 – 2 years

2+ - 5 years

5+ - 10 years

10+ years

4. How often do you buy Bakers Inn bread?

Never Rarely Occasionally Daily

5. Which of the following do you prefer Bakers Inn to use when communicating to you?

Face to Face Toll Free Mails Internet

Other, Specify.....

6. Does Bakers Inn have a toll free number?

Yes No

7. Do phone calls from Bakers Inn influence you to place orders?

Yes No

8. Which of the following could be your possible response to Bakers Inn phone calls to you?

Loyalty Placement of Orders Repeat Purchases

Other, Specify.....

9. Would personal messages from Bakers Inn influence you to repeat your purchase?

Yes No Other, Specify.....

10. A mail shot is a convenient medium of communication between a company and its customers.

Yes No Other Specify.....

11. Please kindly tick the answer that suits your response on the statements below where Strongly Agree – 1, Agree – 2, Indifferent – 3, Disagree – 4 and Strongly Disagree – 5.

	Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree
a. A coupon press advert presented for a discount offer encourages a company visit.					
b. A free phone number increases immediate responses.					
c. Sales calls are effective for influencing reordering.					
d. Sending customers messages over the phone increases sales.					
e. Follow up mails increases					

repeat purchases.					
f. Mail shots provide more information about the products.					

12. In your opinion, what else do you think Bakers Inn can do to improve relationship with its customers?

.....

Appendix 2

Questionnaire for Employees

I am Innocent Mangweni, a 4th year student at Midlands State University currently studying Bachelor of Commerce Marketing Management Honors Degree. I am undertaking a research on **“Evaluating the influence of direct marketing on company performance in the Bakery and Confectionery Industry: A case of Bakers Inn”**. I chose you to take part in the research as you one of the best company’s customers. Your opinion and views are valuable for this research. I kindly request your honest cooperation in responding to the following questions for this research. All your responses will be strictly used for academic purposes only.

Please indicate your answer by ticking where applicable

1. Kindly indicate your gender.

Male

Female

2. How long have you been working for Bakers Inn?

0 – 2years

2+ - 4 years

4+ - 8 years

8+ years

3. Indicate your level of education.

Certificate

Diploma

Degree

Other, Specify.....

4. Which department do you work for?

DEPARTMENT	
Sales and Marketing	
Production	
Warehouse and Dispatch	
Other, Specify	

5. Have you ever launched a prize draw advertisement?

Yes No

6. If yes, what were the results of the prize draw advertisement?

.....

7. Which of the following does Bakers Inn use to communicate with customers?

Phone Texts Mails Face to Face

Other, Specify.....

8. How often do you phone your customers?

Daily Weekly Monthly Quarterly

Other, Specify.....

9. Which of the following could be the benefit of a mail shot to customers?

Relationships Loyalty Repeat purchases

Other, Specify.....

10. Do special offers increase product sales?

Yes No Other, Specify.....

11. Please kindly tick the answer that suits your response on the statements below where

Strongly Agree – 1, Agree – 2, Indifferent – 3, Disagree – 4 and Strongly Disagree – 5.

	Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree
a. Coupon press advertising is effective for attracting new prospects.					
b. Prize draws are important for influencing product trial.					
c. Sales calls help the company gain market intelligence.					
d. Telephone selling supplements personal visit to the customers.					
e. Follow up mailing increases repeat purchases.					

f. A mail shot is a convenient medium for communication with customers.					
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12. In your opinion what could be the benefits of practicing telephone selling to customers?

.....

Appendix 3

Interview guide for managers

Hi, I am a final year student at Midlands State University studying towards a Bachelor of Commerce Honours Degree in Marketing Management. I am carrying out a research project entitled, “The influence of direct marketing on company performance, a case of Bakers Inn. Your views are valuable for this research and all your responses will be strictly used for academic purposes only. May you please help by giving your opinions on the following questions?

1. How long have you been employed by Bakers Inn?
2. What methods do you use for communication with your customers?
3. What methods do you use to disseminate product information to customers?
4. Have you ever practiced a prize draw promotion?
5. What would you think is the effect of prize draw promotion on sales volumes?
6. In your opinion what else would you think is the effect of sales calls on sales revenues?
7. Do you follow up your key customers checking on the movement of your product?
8. What would you think could be the result of follow-ups on customers?
9. Does telesales make reordering much easy for customers?