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# ASSESSMENT OF THE PRACTICES OF DIRECT MARKETING TOOLS ON CUSTOMER AWARENESS AND BUSINESS PERFORMANCE: A CASE OF KONKA GROUP COMPANY LTD.

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#### Abstract:

The nerve centre of this study is to investigate the impact of the direct marketing tools on customer awareness and business performance. This is because, there is a lack of enough research on the impact of promotional tools mainly the direct marketing ones in creating awareness and growth of the business. The specific objectives of this study are to find out the direct marketing tools used by Konka Group Company Ltd. towards its customers' awareness and business performance, to evaluate the impact of direct marketing tools used by Konka Group Company Ltd. on its customers' awareness and business performance and to assess the challenges encountered by Konka Group Company Ltd. in its direct marketing activities. The findings are expected to play an important role on different parties including researchers in acquiring practical skills out of the theory learnt at school, to Konka Group Company Ltd. in exploring how customers appreciate their promotional tools and knowing the gaps which needs to be addressed. It is expected to help future researchers who want to carry out the study in the similar field. The study

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relies on existing literature in the area of marketing mainly in relationship marketing. The study was conducted at the shops of Konka Group Company Ltd. within Kigali City centre. The research design was descriptive in nature. The study was a census survey and 60 respondents participated in this research. Data were collected using the questionnaire and interview schedules. Data from 60 respondents were analysed using descriptive statistics, presented in tables with percentage and frequency and processed with the help of Statistical Package for Social Sciences (SPSS). The findings show that the direct response marketing is the mostly used tool by Konka Group Company Ltd., as shown by 98.3% of the respondents. The findings also indicate that the direct marketing tools used by Konka Group Company Ltd. improve its customers awareness and business performance through encouraging the repeated purchases and enhancing the sales volume as revealed by 63.3% and 71.7% of the respondents respectively. However, the company faces the problems including the lack of proper follow up of e-mails sent to the customers, lack of attention of customers on the short messages received from Konka Group Company Ltd. and stiff competition. It is recommended to the management of Konka Group Company Ltd. to make a proper follow up on messages sent to customers and to devise the different competitive strategies. The customers are advised not to ignore all short messages addressed to them before reading as they may be beneficial.

Keywords: assessment, direct marketing, sale, electronic products

JEL: M10; M31; M37

## 1. Introduction

Businesses today, operate in highly competitive markets and a volatile environment, where customers' purchasing behavior is constantly changing and difficult to predict. In such competitive markets, direct marketing has become a key method to enhance promotion campaigns as well as develop strong customer relationships (Chen, Chiu & Chang, 2005; Martínez-López & Casillas, 2008). The practice brings about considering that marketing is an inevitable activity to every business and its success depends heavily on its marketing ability.

It is however remarkable that the traditional marketing techniques are not enough alone to convey the message to the market which is nowadays highly dynamic and competitive. i.e. this traditional method is being challenged by the new approach of onto-one marketing. In the general traditional marketing, the goal is to reach more customers and expand the customer base. But, given that it costs high to bring customers, it makes better sense to conduct business with customers. In doing that, the marketing focus shifts from breadth of customer base to the depth of customer needs. That is, direct marketing methods are needed to increase marketing campaign responses and to lower costs. This new type of marketing techniques is being used by a growing number especially banking and financial services, electronic dealing companies, computers to offices supplies, etc. Unlike the general marketing, which is a product-oriented strategy, direct marketing is a customer-oriented method. It uses customers' details, commonly held in databases, to understand their needs (Tapp, 2008). This is achieved through a process which includes identifying customers' characteristics to recognize their market values and predict the likelihood that they will respond to marketing campaign (Bose & Chen, 2009).

Direct marketing, Customer Relationship Management (CRM) and other relationship marketing concepts have been a topic of discussion for practitioners and academics for the later part of the 20th century and is widely claimed to be the future of marketing. Some academics have stated that the concept of relationship marketing is the biggest change in 50 years of marketing and is bringing marketing back to the preindustrial era when the producers and consumers dealt directly with each other (Sheth & Parvatiyar, 2000). Relationship marketing is an umbrella term with many subfields and is in general more connected with high-level strategic thinking. CRM has in contrast a stronger connection to marketing strategies over the customer lifetime and understanding the customer's needs, attitudes, life stage, profitability and lifetime value.

Direct marketing is on the other hand the implementation and the tactical management of interactions with the customer (Payne, 2006). It takes the advantage out of the fact that not all customers are alike and by customizing the marketing to suit the individual customer the marketing could become more efficient. One of the benefits from a relationship marketing approach is increased customer loyalty which is the attachment a customer feels for a company's people, products and services (Churchill, 2001). Some of the advantages of high customer loyalty are: increased certainty, increased growth and increased profitability. A loyal customer will also increase the certainty within the business, which means that the relationship between the customer and the supplier are increasing (Diller, 1996). Loyalty among customers has proved to be very cost efficient and is therefore requested among many companies, since customer loyalty benefits in the way that it helps the company keeping its customers.

Good direct marketing campaigns focus on promoting a specific product or service and call on the customers to act to receive further information, register their interest, visit website, and make a booking or a purchase (Tapp, 2008). It gives you the opportunity to promote the products and services directly to the customers who most need them. A good direct marketing campaign will: help you build relationships with new customers, test the appeal of your product or service, tell you which marketing approaches reach your target market, and provide customers with compelling content they can share with potential customers, increase sales. When using direct marketing a company communicates directly with the chosen target market and this gives a better sales success rate than communicating to the mass market, many of whom may not be interested in the products and services.

However, direct marketing has been criticized by many businesses as it increases cost of communications and waste of money on communicating with consumers not interested in their products. Direct marketing costs much more than general consumer media to reach one thousand audience members (Smriti, 2015). It is even said by some authors that this increase of costs of communication through direct marketing techniques can lead to the loss. Calia (n.d) said that direct marketing is disadvantageous as it brings about unsolicited contact from companies and consumers do not appreciate privacy intrusion or the sheer mass of communication, referred to as spam or junk mail, received on a daily basis. He added that it generates poor quality leads and fails to bring a high number of repeat customers. It has been considered on the other hand that the lack of public awareness is one of the problems which may lead many businesses to loss. Due to much cost related to promotional tools and lack of clear understanding of the application of various communication tools, organizations use old marketing techniques and consider the word of mouth communication enough for a company to boost the awareness of their clients.

Even though, the new marketing techniques are said to be costly, there have been many electronic companies selling and growing with the help of them. Moreover, there is a lack of enough research on the impact of promotional tools mainly direct marketing in creating awareness and growth of the business. It is in this framework that the researchers were interested in carrying out the study on the impact of direct marketing tools on customer awareness and business performance specifically in electronics companies whereby the customers trust when they are contacted directly and get rid of doubt. Konka Group Company Ltd., as one of the main companies dealing in electronic companies in Rwanda has been selected as a case study.

## 2. Research objectives

The objectives of this study are:

- 1) To find out the direct marketing tools used by Konka Group Company Ltd. towards its customers' awareness and business performance.
- 2) To evaluate the impact of direct marketing tools used by Konka Group Company Ltd. on its customers' awareness and business performance.
- 3) To assess the challenges encountered by Konka Group Company Ltd. in its direct marketing activities.

## 3. Literature review

## 3.1 Theoretical Literature

## 3.1.1 Concept of direct marketing

Direct marketing has grown quickly during the latter part of the 20<sup>th</sup> century and today it is an essential element in the marketing managers' toolbox. Despite its development, both scholars and practitioners are lacking a single definition. The concept has evolved over time. The terms: directed marketing, relationship marketing, integrated, marketing permission marketing and interactive marketing are used to describe direct marketing activities (Scovotti and Spiller, 2006). As there are numerous definitions out there, only a few are discussed here. As cited by Angelica Petter & Magnus (2009), Kotler et al. (2004, p. 480) define direct marketing from communicative perspective: "*Direct communications* with carefully targeted individual consumers to obtain an immediate response and cultivate long-lasting customer relationships"

The definition by Orme (1999, p. 3) includes the relation between direct marketing, database marketing and customer-relationship management and also differentiates direct marketing from database marketing: *"The new direct marketing is an information-driven marketing process, made possible by database technology, that enables marketers to develop, test, measure, and appropriately modify customized marketing programs and strategies"*.

Marketing is a process used by companies to create value for customers and build solid customer relationships in order to get a return from customers in the form of sales, profits and long-term customer equity (Kolter & Armstrong, 2008).

Finally, a comprehensive analysis of different definitions was made by Scovotti and Spiller (2006, p. 199) and their findings are similar to the definition of Orme (1999): "Direct marketing is a data driven interactive process of directly communicating with targeted customers or prospects using any medium to obtain a measurable response or transaction via one or multiple channels." This definition identifies database, interactivity, direct communications, target customers, any medium, measurable responses and one or multiple channels as key dimensions in direct marketing activities. This definition is also based on a study of different academics' and practitioners' view on the definition of marketing.

There are two types of marketing methods: general marketing and direct marketing. General marketing uses mass media such as television to target customers, regardless of their characteristics and preferences (Bose & Chen, 2009). It is a product-oriented strategy, which aims to achieve market shares for specific products. In comparison, direct marketing is a customer-oriented method. It uses customers' details, commonly held in databases, to perform three main activities: 1) analyses customers' data, 2) formulate a marketing strategy, and 3) implement it to obtain direct responses from customers (Tapp, 2008). In other words, these activities aim to understand customers' preferences, which allow marketers to explicitly plan any subsequent interactive approach towards customers based solely on their needs (Tapp, 2008).

#### 3.1.2 Forms of direct marketing

Direct marketing is a collective term involving all kinds of direct marketing techniques and media. It is essential for marketers to choose the most suitable form of medium or media in order to reach their customers and market their products effectively. According to Li-wei (1997), the basic forms of direct marketing include direct mail, direct response marketing, mail order or catalogue sale, door to door marketing, telemarketing, vender order machines, etc.

## A. Direct mail

The direct mail is the most common form of direct marketing communications that has enjoyed its constant growth over the years among all direct marketing techniques. It accounts for a third major share of advertising expenditure behind the press and TV. The direct mail is personally addressed mail which is different from random leafleting. Recently, direct mail has been improving with the use of individual targeting messages regarding lifestyle, interests or demographic similarities. The emphasis of the message and advertisement is very much personalized. An important factor in the effectiveness of a direct mail campaign is the quality of the mailing list. The list houses supply lists on a rental or purchase basis. Since lists become out of date quickly it is usually preferable to rent. Consumer lists may be compiled from subscriptions to magazines, catalogues, membership of organizations, etc. Alternatively, consumer lifestyle lists are compiled from questionnaires. The electoral roll can also be useful when combined with geodemographic analysis. For example, if a company wished to target households living in modern private housing with young families, the electoral roll can be used to provide names and addresses of people living in such areas.

#### **B.** Direct response advertising

There are three criteria in defining what a direct response advertisement is. First, it should make a definite offer; second, it has to provide enough information necessary to make a decision; and third, it has to provide specific directions for response, such as a toll-free number or a response coupon (Stone, 1984). Usually a freephone telephone number is provided so that interested parties can contact the company. In this way, broadcast media are used to reach large numbers of consumers and direct marketing techniques are employed to allow a fast response by both consumers and the company. These direct response advertisements can be delivered through any kind of media, such as press, TV, radio, inserts, fax, etc.

## C. Mail-order/Catalogue sale

A mail-order or catalogue retailer is: "*a retailer offering merchandise and/or services through catalogues mailed directly to customers*" (Levy & Weitz, 1992, p.G4). Currently, there are two types of catalogues: one process involves selling where the consumer can purchase merchandises through mail-order. By producing catalogues or lists of goods and services, products are marketed directly to named consumers or are provided for customers. Therefore, this form of direct marketing is used as the 'channel of distribution'. The other is the promotional catalogue. The list of goods and services are distributed to consumers but do not necessarily involve purchase. If consumers are interested in buying the products, they will have to go back to a retail outlet. A wide range of products are sold through newspapers, magazines, inserts and most significantly catalogues. It focuses on selling a product through offers or sales promotions instead of sending messages or information. It urges consumers to purchase products or services.

Catalogue marketing can provide a convenient method of shopping, a wide range of products, low prices and sometimes, credit facilities. When the operation is centralized the expense of town centre locations is avoided. However, catalogues are expensive to print and require regular updating. The internet is a much cheaper way of displaying products to consumers. Like the internet, catalogues do not allow products to be tried (e.g. a hi-fi system or high fidelity) or tried on (e.g. clothing) before purchase. Furthermore, there can be differences between the color displayed in the catalogue and that of the product when it is delivered. This can be an important issue for products such as home furnishings. Catalogues are also important in business to business markets, acting as a continual sales aid which allows customers to order at their convenience. More and more companies are moving to internet-based catalogues which are cheaper to produce and easier to update. Business to business catalogues often contain vast amount of information including product specification and prices. Direct mail and telemarketing campaigns can be used to remind customers to buy from their catalogues. The influence of modern technology means that mail is no longer the only medium involved in mail-order but also the customers place their orders by telephone or even fax.

#### D. Door-to-door

Door-to-door direct marketing is primarily conducted through a salesperson recruited by a particular organization which either sells some technical merchandise requiring detailed explanations or some fast-moving consumer goods requiring 'word-of-mouth' to promote the merchandise. The former is usually a more knowledgeable salesperson on a certain technology, on machine operation, or insurance; the latter is usually only used with people who are loyal to or confident with the product and are commissioned to recommend the 20 products to friends, relatives or neighbors. Companies such as Avon, Betterware operate this form of marketing. Tupperware, selling products through house parties, is also part of the door-to-door selling business.

## E. Tele-marketing

Tele-marketing is gradually becoming one of the common forms of direct marketing. With technological development and improvement in living standards, most households own a telephone which provides an immediate response towards a message delivery or sales promotion or even immediate purchase of the product. It has also become a medium for the consumer to place an order instead of responding by mail. Furthermore, because of the growing penetration of all kinds of tele-communication methods, the definition of telemarketing has also been broadened to include internet communication. There are four factors suggested by Ketrow (1990), which influence effective telephone marketing: a) desirable product or service, b) persuasive script, c) skills to manage interaction, customer, and objectives, d) positively perceived tele-marketer voice. The primary benefit to businesses is increased lead generation, which helps businesses increase sales volume and customer base. The most successful telemarketing service providers focus on generating more "qualified" leads that have a higher probability of getting converted into actual sales.

## F. Vendor machine/Vendor ordering computers

Vendor machine selling points are widely available. They provide convenience for both companies (which do not have to hire staff) and consumers (who can purchase the product without going to a shop). Usually, the products sold in a vendor machine are basic consumer goods for which the consumer has an immediate need, such as, drinks, chocolate bars, sanitary towels, tissues, etc. The vendor ordering computers are usually installed in shopping mall in the consumers shop on a computer screen which specifies

the price, product description, etc. It is a product database from which consumers can obtain the product information, choose and order their preferred products from the computer. However, this computer installation involves a very high financial capital investment. Taken together, therefore, there are three forms of direct marketing: nonstore retailing, direct sales, and direct response activities.

## 3.1.3 Functions of direct marketing

Direct marketing could be used by the firm to know more about the customer and prospects and grade this information based on how the individual is willing to buy, able to buy and ready to buy, etc. In the end, the firm will have a more comprehensive overview of the customers that can be used to create superb value to the individual customer (Orme, 1999). Direct marketing can be used both in an offensive or defensive way, which means it can be used to attract customers but also to keep existing customers. As traditional marketing is generally about acquiring new customers, keeping existing customers is an important part of direct marketing. According to Kotler (1992) the first line of defense for any company is its existing customers. The information in the databases is not only used to target individual customers with offers, it also helps marketers at a strategic level. When developing marketing programs, marketers have up to date information about previous efforts and can customize new programs based on these results (Orme, 1999).

When it comes to acquiring new customers and keeping existing customers an advantage with direct marketing is the ability to help marketers to reach their customers with the right product or service at the right time. The marketers can customize their direct marketing and the outcome is a more efficient and cost-effective system (Orme, 1999). The information could also be used at a later stage when it is time to contact the individual, even if he or she did not buy the product or service after the first contact. Direct marketing can also be used with a third party. The company with the information can collaborate with the third party and create an offer, especially suited for its own customers. In the end all the three parts will be winners. However, the company must be careful as their own customers might be reluctant to have their information being shared with a third party (Orme, 1999). Direct marketing is also an effective tool to accelerate a customer. Once a relationship has been established the company can use the customer service process to find out more information about the customer and his/her needs and come up with the right products or service offer (Rempala, 1999).

Even if the direct marketing focuses on both acquisition and retention, it is the later that is often hailed as the major reason to implement a direct marketing strategy. As it is five to ten times more expensive to attract a new customer than retaining an existing one, there are good reasons to focus on the customer retention (Gummesson, 1999). In financial services market, the dominant costs of direct marketing are related to personal selling, commission, data collection and advertising. These typical high front-end costs make a typical customer profitable after one or two years and increases the motives to keep every customer (Egan, 2008). When establishing a relationship with the customer,

the company is starting a learning process. It takes time to collect the information to understand the correct needs and patterns in order to develop new products or services. In the end "*Customers have their needs met with minimal effort on their part and would incur a large personal cost if they attempt to switch to and "train" another supplier"* (Rempala, 1999, p. 95).

In other words, the company "ties up" the customer by offering more and more perfectly customized products and services and this goes by the increase of the customer loyalty. This can be further developed into loyalty programs and customized benefit packages. But the relationship does not definitely end if the customer leaves the company for another supplier. "*Since some product usage cycles have a very long period and alternate suppliers can always disappoint the customer, there is a good chance that the customer will come back at some point*" (Rempala, 1999, p. 95) The company should never throw away information about a previous customer, such information could help by not starting the relationship from scratch if the customer one day returns.

#### 3.1.4 Benefits of relationship marketing

There is often a false illusion that relationship marketing is unconcerned about profit because of its goodhearted and cooperative image. Sustainable profitability must be an ultimate goal for companies adopting relationship marketing. Even if the much focus is on long-term economic benefits, profits remain important to all parts (Morgan, 2000).

Many academics claim that the primary focus and benefit of relationship marketing is the retention of the customers. This is especially important in saturated markets and a longer relationship also generates higher profits (Reichheld, 1996). Buttle (1996) points out two economic advantages that underpin relationship marketing: firstly, existing customers are less expensive to retain than to recruit. Secondly, securing a customer' loyalty over time produces superior profits.

Increased certainty, increased growth and increased profitability are three main benefits associated to customer loyalty (Diller, 1996). A loyal customer will increase the certainty within the business, which means that the relationship between the customer and the supplier are increasing (Diller, 1996). The improved relationship can be seen through a change towards habit-based customer purchase decision, rejected competitors by customer and a higher level of tolerance is developed by the customer towards mistakes made by the supplier (Diller, 1996). Another factor that also increases the certainty within the company is the valuable feedback that can be gained from a loyal customer who is more willing to complain, answer questionnaires and might even work together with the supplier in order to increase the customer satisfaction (Strauss & Seidel, 1998).

Loyal customers make it easier for the company to serve their customers in a more personal way. For example, the supplier is more likely to know name, address and demographics and purchase pattern of a loyal customer. This more customized focus is another factor that will generate a better customer relationship and according to this the agreements between the two parts will become more reliable.

A further benefit that is connected to customer loyalty is growth of the company, which in turn can be divided into old customers and new customers. Existing customers can increase the company growth due to the focus on making the customer purchase only from one single producer. If the company has a large part of loyal customers, these customers will refer to other and through this the company will gain new customers from already existing ones. A good word of mouth is the best advertising a company can get and also at the same time the cheapest alternative (Cornelsen & Schober, 1997). The cons connected to this kind of marketing are the negative word of mouth, something that also needs to be considered. The last benefit that is connected with customer loyalty is increased profitability, which is mainly connected to increased revenue and decreased costs (Reichheld & Sasser, 1990). The major reason for decreasing costs is the fact that the cost of gaining new customers will decrease, due to good word of mouth. The management of the customers also becomes easier since a lot of information concerning the customers already is in the business and ordering and delivery can be made on a routine. Decreasing costs are much easier to achieve than increasing revenue. According to Diller (1996) loyal customers are more willing to pay a higher price but on the other hand they might also demand lower prices as a reward for their loyalty. A more common way to increase revenue from existing customers is instead cross selling, which means that more products and services are sold to the customer from the same supplier.

# 3.1.5 Direct marketing and Customer Relationship Management (CRM)

Relationship marketing is often considered to be an umbrella philosophy with many sublevels rather than a single theory on its own. An estimation made by Dann & Dann (2001) has pointed towards nearly 50 different definitions and there will probably be more to come. As relationship marketing is such a broad area and the term relationships is vague, a single definition might not be practical or even needed (Gummesson, 1994).

One definition by Grönroos (1994, p. 9) declares that the objectives of relationship marketing are to: "*identify and establish, maintain and enhance and when necessary, terminate relationships with customers and other stakeholders, at a profit so that the objectives of all parties involved are met; and this is done by mutual exchange and fulfillment of promises."* This definition clarifies three parts: the existence of the relationship marketing is often used interchangeably with CRM and customer management. Payne (2006) explains the relationship between these concepts. CRM had a stronger connection to marketing strategies over the customer lifetime and understanding the customer's needs, attitudes, life stage, profitability and lifetime value. Customer management was, on the other hand, seen as more linked with the tactical implementation of CRM and using specific tools such as campaign management or call center activities.

Tapp (2008) contented that modern marketing is based on two competing philosophies: the 'four Ps' and relationship marketing. First, the 'four Ps' is a transaction approach characterized by Product, Price, Place, and Promotion. Second, relationship marketing is more focused on building long-term customer relationships as well as

striving for customer-led quality, service and marketing within a company. CRM developed its roots from relationship marketing (Ryals, Knox 2001). Indeed, it is used to enhance relationship marketing by shifting it from the 'four Ps' transaction-based approach, with its focus on finding new customers, to customer retention, using its more innovative practices in the marketing field (Breur, 2007; Ryals & Knox 2001).

Customer Relationship Marketing (CRM) involves tailoring products and services based on customers' preferences rather than some general characteristics. It is certainly critical to have a good understanding of customers' needs and preferences in order to achieve an effective CRM application. In addition, the marketing function is very important for CRM effectiveness as it is the way companies interact with their customers (Shaw, Subramaniam, Tan & Welge, 2001). Marketers are then required to develop customized products and communications for the target customers (Tapp, 2008). This usually involves marketers choosing key components to produce a response, including lists/media, creative and the offer (Stone & Jacobs, 2008). These components can be divided into five parts, which are referred to as elements of promotion and are listed as per their degree of importance: 1) media/lists (40%), 2) offer (20%), 3) copy (15%), 4) layout (15%), and 5) timing (10%). Finally, those customers who respond are added to marketers' records, in order to evaluate the direct marketing campaign performance (Tapp, 2008).

#### 3.1.6. Direct marketing and business performance

Good direct marketing campaigns focus on promoting a specific product or service and call on customers to act to receive further information, register their interest, visit website and make a booking or a purchase. Direct marketing offers the opportunity to promote the products and services directly to the customers who most need them. A good direct marketing campaign will help in building relationships with new customers, test the appeal of product or service, tell which marketing approaches reach your target market and provide customers with compelling content they can share with potential customers and increase sales.

A well-planned direct marketing campaign can take an organization straight to its ideal customers. Identifying the benefits of direct marketing and adopting it will help an organization to stay focused on getting the best result in terms of achieving improved performance. Adopting direct marketing allows organizations to target specific group of customers with tailored message and such firms will be able to identify customers who need their products as well as allow firms to understand how customers respond to their offerings (Louis, 2000). Most customers welcome contacts and business approaches from familiar business people who make efforts to understand customers' needs and build personal relationships. Firms can improve their performance in terms of market share, sales volume and profitability by maintaining reliable customers' record. Direct marketing helps organizations to build direct relationship with customers and at the long-run, achieve greater performance (Thomas, Lewison and Hanser, 2008). According to Strazewski (1987) as cited by Li-Wei (1997), direct marketing may be applied both on its own and in complementary with other marketing activities to satisfy customers and achieve a company's objectives. As the direct marketing response is measurable, it also eliminates some problems in marketing control and evaluation to allow marketers to monitor the marketing impacts on a targeted group. Thus, the strategic role of direct marketing in the marketing context relies on what it can achieve. It can: a) expand the number of customers; b) maintain the existing number of customers; c) upgrade the existing customers; d) cross-sell the customer base with other firms that will have no or very little competition on the business and e) increase the second or future purchase.

When using direct marketing you can communicate directly with your chosen target market and this should give you a better sales success rate than communicating to the mass market, many of whom may not be interested in your products and services. If you use effective techniques for sourcing and finding new customers, you can generate new customer prospects and grow your sales to new customers. Direct marketing allows the business to adapt and respond to the needs of the target market. It is possible to achieve fast and flexible sales results using direct marketing. For example, the direct marketing campaign can be used to: boost sales of a particular product, run out discontinued stock, renew stale sales figures, increase customer contacts, directly follow-up on a promotion.

Direct marketing also allows the business to test the new markets, review sales results, measure the effectiveness of sales and advertising tactics and easily make adjustments to the campaign. Each time a direct marketing campaign is run, the company should monitor and review the results and use this information to improve the success of next campaign. For example, if you mail 100 customers a catalogue with a discount voucher on the back page and 20 customers bring this into your business to use, the campaign had a response rate of 20%. By working out the cost of creating and mailing the catalogue, as well as the profit you made from each customer that responded, you can assess the success of your direct marketing campaign.

## 3.2 Empirical Literature

Kotler & Armstrong (2004) argued that direct marketing is the use of consumer direct channels to reach and deliver goods and service to customer without using marketing middlemen. These channels include direct mail, catalogues, telemarketing, interactive television, kiosk, websites and mobile devices. It consists of direct connections with carefully targeted individual consumers to both obtain an immediate response and cultivate lasting customer relationships. Direct marketers communicate directly with customers, often on one-to-one, as an interactive basis. Using detailed database, they tailor their marketing offers and communications to the needs of narrowly defined segments or even individual buyers (Kotler & Armstrong, 2004).

Kotler and Keller (2006) consider that direct marketing permits the marketers a more direct response from consumers (generally an order), allows marketers to better target niche markets and allows marketers to sell a product without the expensive and lengthy process of getting it into traditional channels. Mansoor and Ishaq (2006) stated variety tools of direct marketing which are: e-mail, mobile phone, internet, billboards, television, mail, radio, telephone, newspaper and magazines. The use of mail, telephone or other non-personal contact tool was to communicate with or solicit a response from specific customers and prospects. They added that mail shots and leaflets, inserted in professional magazines are used to promote information products.

Direct marketing if well planned and executed effectively it has the potential to be more cost effective than other promotional tools because of the precise targets that the technique allows. Existing customers can be contacted to introduce them to new products and special offers, hence, affecting their loyalty while the new customers can be identified and encouraged to purchase products and services of a firm through direct channels (Van der Merwe, 2003). According to Peter & Donnelly (1998), the internet has increasingly been used by consumers in purchasing many products. Direct marketing activities are often very effective in generating sales leads when a customer asks for more information about a product or service. Beyond brand and image building, direct marketers usually seek a direct, immediate and measurable consumer response. For example, Dell computer interacts directly with customers by telephone or through its web site to design built–to-order systems that meet customers individual needs. As mentioned, the purpose is to communicate directly and carefully with targeted individual consumers to both obtain a response and build long term relationship with customers.

Direct marketers communicate directly with customers, often on a one to one, interactive basis. They use the detailed database to tailor their marketing offers and communications to the needs of their defined segments or even individuals (Kottler, 2006). Direct marketing to the sellers is powerful tool for building customer relations using database marketing. Today's marketers can target small groups or individual consumers, tailor-offers to individual needs and promote these offers through personalized communications. For customers, direct marketing is convenient, easy to use and private from the comfort of their homes and allows them to browse mail catalogues or company websites from their convenient time.

Direct marketing can offer the sellers a low-cost, efficient and speedy alternative for reaching their markets. It has grown rapidly in B2B marketing, partly in response to ever-increasing costs of marketing through sales force (Kotler et al.,2012). Brubaker (2007) states that direct marketing ethical activities can be best fostered through leading with moral courage by creating an ethical business environment for direct marketing, efforts to make a conscious commitment that you and the organization will accept and adhere to high standards by adopting, leading with moral courage, hiring and promoting the right people and creating an ethical culture.

According to Tapp (2000, 4), "the key to modern direct marketing is the capture of individual customer details at the first sale, so that the marketer can begin a relationship with that customer, subsequently treating them differently over time in order to generate repeat business". This demonstrates the natural linkage between direct marketing and concepts

such as relationship marketing and CRM, as they all revolve around the same key principles.

According to Mullin (2002) direct e-mail marketing is considerably cheaper way than direct mail and often leads to higher response ratio. The response time to direct email marketing is much shorter than in direct mail campaigns and often a considerable amount of responses is generated during the first 24 hours. The function of telemarketing in business markets is to link the different marketing efforts as one. For example, direct mail or e-mail advertisements are often followed up with a telephone call with an objective to arrange a meeting with the customer. The direct marketing has a supporting role that initiates the communication between the marketer and the potential client and then the process continues with the telemarketing and brought to a closure with personal selling (Rope, 2005).

Research into the benefits of direct mail have been limited over the past decade, instead a greater focus on the online benefits is evident across academia. With the rise of the online consumer, it has been widely touted that the benefits of offline marketing far outweigh its costs (Dutta-Bergman, 2004). To counter the above, Akaah, Korgaonkar and Lund (1995) in their study on consumer attitudes, they provide a contradictory view of direct mail, stating it as "Junk Mail" and invading consumer privacy. Finally, Briggs & Borin's (2005), in analyzing the effectiveness of integrated marketing communication tools with reference to Ford F-150 brand, they provided evidence that that magazine advertisement is more effective than television ads in generating awareness. It was also realized that magazine advertisement creates significant return on investment through increasing the awareness and cutting down the costs.

Bergemann and Bonatti (2010) later agree with these findings, stating that the direct mail allows for greater customer targeting. More recently Gupta (2013) identifies that consumers remember more information from print media in comparison to online media. The above literature has exposed various advantages to offline direct methods of advertising, however with much of the research conducted prior to the Internet it opens the opportunity for up to date research of the perceived benefits, about different direct marketing tools both on and off line.

## 3.3 Theoretical framework

The study was guided by the three theories that aim at explaining the influence of direct marketing tools: direct mails, mobile marketing, direct response marketing, telemarketing, catalogue marketing, out-of- home marketing, etc. on customer awareness and business performance.

## A. Theory of buyer behavior

Howard and Sheth (1969) proposed a 4-stage model to the consumer decision process. Inputs, perceptual constructs, learning constructs and outputs. Their model is the first to propose an effect of stimuli on the decision to purchase. Inputs are the first stage at which stimuli affect the consumer, categorizing three forms of inputs stimuli:

- Symbolic stimuli: the verbal and non-verbal characteristics of the product the consumer intends to purchase.
- Significative stimuli: the physical characteristics of the product and information provided on the product by marketers.
- Social stimuli: influences that come from the individual's social environment such as information from friends and family.

# **B.** Theory of persuasion

Understanding the effect of advertising, whether positive or negative, on its audience is the focal point of persuasion theory. The general notion of persuasion has led to advances in other aspect of attitudes and persuasion research that have strong input on marketing and advertising research. Attitude certainly tends to be increased when people perceived themselves as resisting a persuasive communication (Shrum et al., (2012).

## C. Theory of DAGMAR

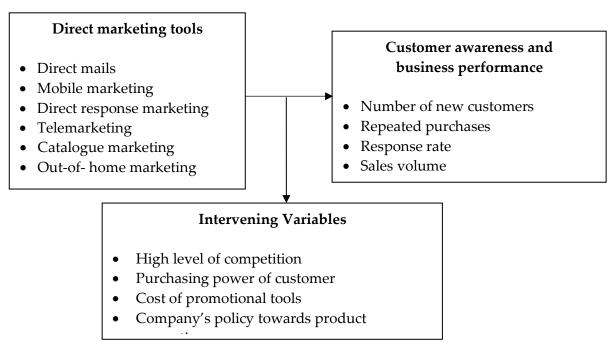
Defining Advertising Goals for Measured Advertising Results, shortened down to DAGMAR, is a marketing theory used to measure the results of an advertising campaign. The theory involves setting specific and measurable objectives for a campaign to determine if specific objectives were met. Specifically, Dagmar seeks to communicate a specific message through four steps: awareness that is making the consumer aware that the product or company exists, secondly comprehension - letting the consumer know what the products are used for, third, Conviction - convincing the consumer to purchase the product and lastly Action - getting the consumer to actually make the purchase.

As cited by Cheruiyot and Jemutai, (2016) Dagmar model was created by Karisson (2007) when he prepared a report for association of National Advertisers. Dagmar focuses on the level of understanding that a customer must fulfill for the organization and on how to measure the result of an advertising campaign (Belch & Belch, 1995). The Dagmar theory has had a huge influence on how to set objectives in the advertising planning process and many planners used this model as their base. The main conclusion of Dagmar theory is that the prospect must first be aware of the existence of the brand, then understand the products and its benefits, get convinced to buy the product and finally stir to action (Mackay, 2005). However just as the other theory within advertising, Dagmar has met with critique as that customer does not always pass through the stages in a linear way.

## 3.4 Conceptual framework

The conceptual framework about the direct marketing techniques and its impacts on customer awareness and business performance is demonstrated as follows:

#### **Figure 1: Conceptual Framework**



Source: Researcher, 2019.

The Figure 1 shows the direct marketing technique which is a blend of communication tools including direct mail, mobile marketing, direct response marketing, telemarketing, catalogue marketing, out-of-home marketing, etc. The proper application of these tools is likely to result into acquisition of new customers and maintenance of the existing ones, increasing repeated purchases and the sales volume, improving the company profitability and assets values, etc. However, there are some other factors which could impact on customer awareness, hence on company's business growth. These include the level of competition, purchasing power of customer, cost of promotional tools, company's policy towards product promotion, etc.

#### 4. Research methodology

This study was an exploratory in nature and used a descriptive survey design to investigate the direct marketing tools and their impact on buyer awareness and business performance. The chosen design allowed the researchers to gather information, summarize, present and interpret them for the purpose of clarification (Orodho, 2003). The target population comprised of 60 employees from the three sales shops of Konka Group Company Ltd. located in Kigali city center. These shops are located in 2000 house, Simba super market and Avenue de la Paix. The study was a census survey; thus, the total target population constituted the sample size. The data were collected using questionnaire and interview schedules. To ensure the validity and reliability of the instruments, the expert panel and test re-test methods were used respectively. The data

were analysed using descriptive statistics, presented in tables with percentage and frequency and processed with the help of Statistical Package for Social Sciences (SPSS).

#### 5. Results and discussions

This section presents the findings about the influence of direct marketing tools on customer awareness and business performance. Konka Group Company Ltd. was taken as a case study. The data collected from the field were in line with research objectives and these were presented in tables and analysed using descriptive statistics along with critical description and explanation.

## 5.1 Demographic description of the respondents

The information about the respondents including gender, qualification and area of affectation/department of work was gathered and presented in the Table 1 below:

Details	Gender	Frequency	Percentage (%)
Gender of the respondents	Female	28	46.7
	Male	32	53.3
	Total	60	100
Qualification of the respondents	Qualification	Frequency	Percentage (%)
	PhD	-	-
	Masters	2	3.3
	Bachelor's degree	13	21.7
	Certificate	42	70.0
	Others	3	5.0
	Total	60	100
Department of the service	Department	Frequency	Percentage (%)
	Customer service	6	10.0
	Marketing, sales and distribution	44	73.3
	Finance	3	5.0
	Others	7	11.7
	Total	60	100.0

Table 1: Background information of the respondents

Source: Primary data, 2019.

The results in Table 1 highlights information on gender, qualification and area of affectation/department of work of the respondents. The table shows that the majority of the respondents are male as per 53.3% while 46.7% are female. The difference between them is too little and this shows that the study was balanced in terms of gender of the respondents. In addition, it can be confirmed that women have also embraced doing business which was different in past.

The researchers wanted to know the level of education of the respondents. This because it is considered that knowledgeable staff improve service delivery. In addition, such people increase the reliability and accuracy of the information since the researcher is sure that they understand the subject matter. The results revealed that the majority

of the respondents completed secondary education as shown by 70 %, while 21.7 % finished their university and hold bachelor's degree. It was even remarked that a 3.3% completed masters and none of them went up to PhD. It was also found that 5% did others including short training in sales and marketing. Consequently, as many of the respondents have gone beyond secondary education, the information got from the respondents was accurate.

The study also investigated the departments in which the respondents work from so as to establish how much they were exposed to the issues being studied. In this, the majority of the respondents, 73.3%, were from marketing, sales and distribution department while 10% were allocated in customer service department. Finance and accounting department takes 5.0% while 11.7% were allocated in other departments including research and development, production, etc. It is worth noting that marketing, sales and distribution department deals with the day-to-day operations of any establishment. Thus, employees in the operations department can easily tell whether a given strategy is leading the organization to the right direction or not. As results, the respondents provided the good information the performance of marketing, sales and distribution department provided the good information about the customer action regarding the devised marketing tools.

#### 5.2 Use of direct marketing tools

The respondents were asked to express whether in the day to day sales and distribution work, they use direct marketing tools and were also asked to rank them according to their frequency of use. The results are presented in the Table 2 below:

Direct marketing tools		Frequency	Percentage
Direct response marketing/advertising	1	59	98.3
Catalogue marketing	1	59	98.3
Out-of- home marketing	2	58	96.7
Mobile marketing	3	40	66.7
Telemarketing	4	39	65.0
Direct mails	5	30	50.0

Table 2: Frequency of use of direct marketing tools by Konka Group Company Ltd

Source: Primary data, 2019.

As per the Table 2, the majority of the respondents (98.3%) reported that Konka Group Company Ltd. uses different direct marketing tools as per the table above. However, they have expressed their views on the frequency of their use whereby direct response marketing and catalogue marketing were found to be much used as per 98.3% of the respondents and they were ranked number 1. Out-of-home marketing was ranked number 2, mobile marketing ranked 3, telemarketing ranked 4 and direct mails ranked 5. This shows that Konka Group Company Ltd. uses a combination of different direct

marketing tools as a strategy to inform the customers about the available products and services and influence their buying behaviour.

**5.3 Impact of direct marketing tools on customer awareness and business performance** There was a need to find out how the direct marketing tools used by Konka Group Company Ltd. have impacted on customer awareness and its business performance. The results were now presented in the Table 3 below:

and	business performance of k	Konka Group Company	Ltd.
Details	Details	Frequency	Percentage
Direct marketing tools enhance the awareness to customers	Strongly agree	10	16.7
	Agree	50	83.3
	Not sure	-	-
	Disagree	-	-
	Strongly disagree	-	-
	Total	60	100
Direct marketing tools improve the customer loyalty	Strongly agree	7	11.7
	Agree	39	65.0
	Not sure	10	16.7
	Disagree	4	6.6
	Strongly disagree	-	-
	Total	60	100.0
	Strongly agree	3	5
	Agree	52	86.7
Direct marketing tools attract the new customers	Not sure	5	8.3
	Disagree	-	-
	Strongly disagree	-	-
	Total	60	100.0
Direct marketing tools encourage the repeated purchases	Strongly agree	-	-
	Agree	38	63.3
	Not sure	18	30.0
	Disagree	4	6.7
	Strongly disagree	-	-
	Total	60	100.0
Direct marketing tools enhance the sales volume	Strongly agree	5	8.3
	Agree	43	71.7
	Not sure	9	15.0
	Disagree	3	5.0
	Strongly disagree	-	-
	Total	60	100.0

**Table 3:** Influence of direct marketing tools on customer awareness

 and business performance of Konka Group Company Ltd

Source: Primary data, 2019.

One of the primary objectives of direct marketing is to raise awareness. It is remarkable that even if a campaign doesn't lead to a sale, the raised awareness is still a positive outcome. The increased awareness may well lead to a future sale, when the prospect or existing customer is in a higher need of buying the goods or services. The results in Table 3 reveals how direct marketing tools enhance the awareness of the products and services of Konka Group Company Ltd. to its customers. The table showed that 83.3% of the respondents agreed with the statement while 16.7% strongly agreed. This leads to confirm that the direct marketing, just like the other marketing methods, plays a significant role of informing the customers of Konka Group Company Ltd. about the company and its products. This matches with the findings of Kotler and Armstrong (2004) and Peter and Donnelly (1998) who established that the direct marketing methods increase the customers awareness and improve the company image.

The respondents were asked to express their views on the impact of direct marketing tools used by Konka Group Company Ltd. on improving customer loyalty. They had to react on the statement: "direct marketing tools improve the customer loyalty". The results read that the majority (65.0%) of the respondents agreed with the statement, 16.7% were note sure while 11.7% and 6.6% strongly agreed and disagreed with the statement respectively. In total, the results show that the big number of the respondents 76.7% (65% and 11.7%) agreed that the direct marketing tools enhance the customer loyalty of Konka Group Company Ltd. Only 6.6% disagreed with this assertion. Since the direct marketing methods aim to promote the products of Konka Group Company Ltd. by informing the customers about the advantages of the products, they lured the customers to become loyal through the consistent positive emotional experience and products attributes-based satisfaction. This result concurs with the findings of Van der Merwe (2003) who asserts that the direct marketing is a tool through which existing customers can be contacted to introduce them to new products and special offers, hence, making them loyal.

On the fact that the direct marketing tools attract the new customers, the results in the Table 3 indicated that 5% strongly agreed; 86.7% agreed and 8.3% were not sure. None of them disagreed nor strongly disagreed with the statement. Considering the results, the majority (91.7%) of respondents agreed that the direct marketing tools used Konka Group Company Ltd. enhance the attraction of new customers. The views of majority are also attributed to the fact that the direct marketing tools promote the contact between the company and its potential customers hence triggering new customers to the business products and services. This also concurs with Van der Merwe (2003) observation that through direct marketing, new customers can be identified and encouraged to purchase products and services of a firm. The same was asserted by Li-Wei (1997) who confirms that direct marketing has got a strategic role of expanding the number of customers.

On assessing whether the direct marketing tools used by Konka Group Company Ltd. reminds the customers to purchase its products, the majority of the respondents (63.3%) agreed with the statement, 30% were not sure and 6.7% disagreed with the statement while none of them strongly disagreed with the fact. Relying on the responses of the majority of the respondents, the direct marketing tools used by Konka Group Company Ltd. have had a positive impact on influencing the purchasing behavior of its customers. Kotler & Armstrong (2004) and Kottler (2006) earlier replicated this result in their studies where they observed that the direct marketing created a one-on-one

interactive communication channel with the customers that reminded them of the products a given firm is offering. Smith (1993) also agreed that through the repeated purchase, the direct marketing becomes particularly cost effective.

As one of the most prominent objectives of the business entity, the researchers wanted to know whether the direct marketing tools used by Konka Group Company Ltd. on its products and services might have improved its sales volume. As per the table 3; 8.3% of the respondents strongly agreed with the statement, 71.7% agreed; 15% were not sure while 5% disagreed. None of them strongly disagreed with the statement. In this regard, it is confirmed that the direct marketing tools used by Konka Group Company Ltd. have improved its sales volume as shown by the majority of the respondents, 80% (71.7 and 8.3%). Strategically, Konka Group Company Ltd. designed its direct marketing tools to inform and give the customers the reason to purchase its products hence increasing demand which in turn results into the increased sales volumes. This also concurs with Van der Merwe (2003) submissions that through direct marketing new products are introduced to existing and new customers for purchase, an act that enhances sales. Peter and Donnelly (1998) also presented similar findings by asserting that the direct marketing is effective in generating sales.

It is remarked that the sales volume produced through the direct marketing are growing rapidly probably because today many direct marketers see the direct marketing as playing a major role that of builds the long-term relationship with the customers.

# 5.4 Challenges encountered by Konka Group Company Ltd. in its direct marketing activities

When asked to express the challenges related to the application of the direct marketing tools, 100% of the respondents revealed the following: "Some customers do not respond to the e-mails addressed to them wondering how their addresses were found. They show no interest in the contents of the mailing. Since the response is low, this increases our costs" said the respondents. Even though the delivery of the short text messages direct to the mobile phones would be extremely successful, however, some respondents even delete messages without reading them as some of the recipients have not yet learnt the culture of reading first and delete it when it does not provide positive information. "Competition is another challenge. Despite these channels of communication, competitors use other various ways and they even do unroyal marketing whereby they undermine our products on detriment of theirs" said some of the respondents.

## 6. Conclusions

The main purpose of the direct marketing is to convey the right message quickly to the right people so that they can respond accordingly. In the effort to address the research objectives about the impact of direct marketing tools on customer awareness and business performance, the findings lead to the following conclusion. The study concludes that Konka Group Company Ltd. uses the different direct marketing tools with the main

focus on direct response marketing. It is concluded that the direct marketing tools used by Konka Group Company Ltd. have enhanced the awareness of its products among the customers and that the customer loyalty has been improved. It is also to conclude that the same direct marketing tools have enhanced the attraction of new customers, incited the repeated purchases, have had a positive influence on the purchasing behavior of customers. It is concluded that the direct marketing tools used by Konka Group Company Ltd. have improved its sales volume through encouraging, motivating, informing and giving customers the reason to purchase the products and building a longterm relationship with them. This has in turn resulted into the increasing demand leading to the increased sales volumes. The lack of attention and consideration of e-mails and short messages sent to customers and non-provision of feedback by customers as well as stiff competition were identified as challenges facing Konka Group Company Ltd. in line with the use of direct marketing tools.

#### 6.1 Recommendations

This study recommends the company to conduct survey and investigate on the reasons that cause some customers the non-provision of the feedback on e-mails and short messages addressed to them. This would help the company to improve the contents and channels of communication to the potential or prospect customers. It is also recommended to use computerization system to enhance productivity in outbound telemarketing whereby large databases store the information that can easily be accessed by telephone marketing operators. In the same framework, the customers are reminded that all the short messages reaching them should not be ignored. They may contain positive information as to the place and sale of cheap products, availability of new arrival, sales promotion and any other marketing opportunities.

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