

Identification of effective factors on Sale: Iranian Hand-Made Carpet Scenario

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ABSTRACT

The aim of the research was identifying applicable methods and described the results of all approaches considered in this study based on sales of hand- made carpet. Approaches were considered in order of importance of price, promotion and distribution. We concluded that from the view point of 145 vendors of the hand-made carpet, Promotion strategy had the most effect on the domestic sale of hand-made carpet industry some components like discounts, media, professional sellers, and professional exhibition of hand-made carpet. Distribution strategy and Price strategies have respectively the second and third ranks.

KEYWORDS: Marketing strategies, Distribution, Price, Promotions, Sale

INTRODUCTION

A previous study in Iran was carried on based upon the aim of compiling pathology key factors of Iran National Center of Handmade carpet, and also their role in the export of handmade carpets was further investigated. The desired pattern to render pathology (Six-box model of Viz-board) was selected among 14 confirmed pathology patterns. The study was descriptive and of a correlation type. A total of 89 personnel of the National Center for Handmade carpet and handmade carpet exporters- 40 stuff and 49 exporters were selected randomly. The results showed that according to indigenous patterns of Six-box model of Viz-board in the National Handmade carpet Center, the organizational rewards and salary components generate the highest damage and the helpful mechanism components (software factors), the destination and organizational goals, organizational structure, organizational communications and finally leadership failures are significant respectively. Also, there is a meaningful relationship between Handmade carpet exporting and damages of the National Handmade carpet Center (Compiling the main components of Organizational Pathology of the Iranian National Handmade carpet Center and investigating its role in exporting Handmade carpet, 2009). Sham (2007) explained that business environment is changing and developing under the effects caused by different factors. Continuous study of environmental developments and other effective factors on commodities' marketing and exporting, services, transmission and its reflection to superlative managers is one of the most important missions of marketing. In respect of support to Handmade carpet's developing and exporting, besides patterning coordinator and processing marketing, five factors: management, environment, strategy, segmentation and marketing mix have been evaluated as the most important effective factors on Handmade carpet of Iran in the two available and desirable situations. The designed questionnaire regarding five of the abovementioned factors, fifteen key variables and 78 associated factors and explaining variables, have considered four statistic research groups including: experts, exporters, Iranian Handmade carpets importers outside and vendors inside and outside of the country. The results show a significant relationship between the five main factors in the study and the hypotheses which have been investigated. The findings illustrate that the five mentioned factors are the most important ones (Sham, 2007). The priority of effectiveness of these factors include: environment, marketing mix, market segmentation, strategy and exporting marketing management of handmade carpet. Pathology of Handmade carpet also shows that according to the responders' point of view about the five key factors, there is a significant difference between the available and desirable situation which demonstrates a failure in the available situation of export marketing in Iran's handmade carpet. The results of the study are used for the top most recommendations and basic solutions for planners and policy makers to produce and export Handmade carpet (Sham, 2007)

LITERATURE REVIEW

Price:

From the consumer's perspective, cues that are an inherent part of the core of product (i.e. intrinsic) such as texture, style, fitting and stitching (Olson, 1972; Olson and Jacoby, 1973; Richardson and Dick, 1994) as well as cues that are somewhat external to the core of, although not completely detached to, the product (i.e. extrinsic) such

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as the price, product’s brand name and packaging (Olson, 1972; Olson and Jacoby,1973; Richardson and Dick, 1994), play a big part in influencing the PLB purchase decision. Extant studies have demonstrated that extrinsic cues, in particular brand name and price play a bigger role in influencing the consumer than the intrinsic cues (Dawar and Parker, 1994; Allison and Uhl, 1964). Price is value which customers pay for goods or services and it is the only element in the marketing that will generate income, while other elements are costly.

Promotions:

Another way to attract more consumers and to enhance the competitiveness of online retailers is to offer promotions. Many online retailers offer diverse and effective promotions (e.g. free shipping and discounts) (Oliver and Shor, 2003). Promotions can facilitate consumers’ purchase behaviors and satisfaction with purchases (Darke and Dahl, 2003). Although sales promotions and brand names are commonly used marketing strategies in online shopping, the underlying mechanisms of the effects of promotion and brand name on consumer responses have surprisingly been addressed by very little research. Thus, the purpose of the study was to investigate how brand name and promotion influence consumers’ perceived value, store image, and finally behavioral intention. Promotions also are another useful cue used for cognitive evaluations of a product and purchasing decisions (Raghubir, 2004). Online retailers provide diverse sales promotions, such as free gifts, discounts, or free shipping to attract shoppers to their websites. A promotion serves as an immediate economic incentive to purchase a product (Honea and Dahl, 2005; Oliver and Shor, 2003). Online shoppers tend to believe that product prices in online stores are often lower than in physical retail stores (Grewal et al., 2003). Promotions are important to inform consumers of the availability of a product, to generate public awareness of the marketing activities of a retailer, to encourage revisits to the retailer, and to increase customer loyalty (Bagozzi, 1998).

METHODOLOGY

This study investigates the impact of marketing strategies on domestic sales of hand-made carpet industry. This is an applied descriptive survey. To study the theoretical foundations and research literature, library studies was done and to test the hypotheses, fieldwork and questionnaire have been used. Statistical population of the research is the vendors of hand-made carpet in Khorasan Razavi province. Furthermore the cluster sampling method was used, so that Mashhad and Neyshaboor were the clusters and by simple sampling method the vendors were selected.

Research hypotheses

1. Significant relationship exists between price strategy and domestic sale of hand-made carpet industry.
2. Significant relationship exists between distribution strategy and domestic sale of hand-made carpet industry.
3. Significant relationship exists between promotion strategy and domestic sale of hand-made carpet industry.

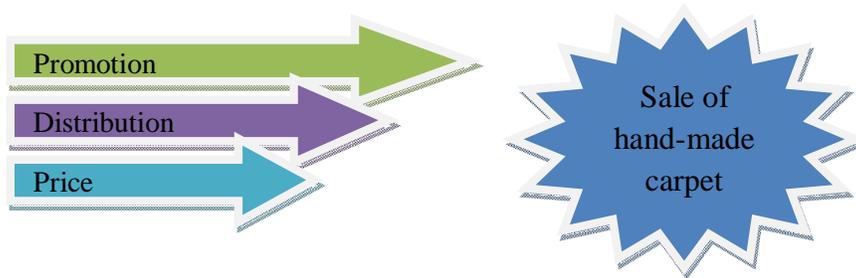


Figure 1: Conceptual model of the research

A questionnaire was used for data collection that included 28 specific questions using the Likert scale to measure the viewpoint of the respondents.

Table 1: Sample size determination by Cochran’s formula

City	Number of hand-made carpet vendors (based on the statistics of each city hand-made carpet union)	Sample size (based on Cochran’s formula)
Neyshaboor	27	25
Mashhad	170	120
Total	178	145

Cronbach’s Alpha was used to determine the reliability of the questionnaire. According to a sample of size 20 Alpha was equal to 0.94, so we can say that the questionnaire has got high reliability. To test the normality of the data, Kolmogorov-Smirnov was used. The results of this test are as following:

Table 2: Results of normality test

Variable	Test Statistic	Sig.	Result
Price	1.011	0.258	Normal
Distribution	1.116	0.165	Normal
Promotion	1.234	0.095	Normal

As we can see from the above table, the significant values of all the variables are more than 0.05; therefore all the three variables are normal. Now we compare the mean of variables with 3 by using one-sample T test. The null hypothesis, in this test, is equality of the mean of the variable with 3.

Table 3: Results of one-sample T test

Variable	Mean	Std. Deviation	Test Statistic	Sig.	Result
Price	3.79	0.611	15.516	0.000	H ₀ Rejected
Distribution	4.05	0.557	22.788	0.000	H ₀ Rejected
Promotion	4.14	0.469	29.277	0.000	H ₀ Rejected

According to table 3, results of T test show that the means of variables (Price, Distribution and Promotion) are not equal to 3 and are greater than 3. Therefore we can say with the confidence of 95 percent that from the view point of the respondents, Price (Distribution, Promotion) strategy is effective on the domestic sale of hand-made carpet industry.

In order to rank the importance of the three variables, Friedman test was used. The mean rank of variables is shown in table 4. As the significant value of the test is less than 0.05, the hypothesis of equality of the variables is rejected.

Table 4: Results of the Friedman test

Variable	Mean Rank
Promotion	2.21
Distribution	2.11
Price	1.67

Chi-Square 24.617 Sig. 0.000

We conclude that from the view point of 145 vendors of the hand-made carpet, Promotion strategy has the most effect on the domestic sale of hand-made hand-made carpet industry. Distribution strategy and Price strategies have respectively the second and third ranks.

CONCLUSION

Price strategy is identified as final marketing strategy. Some factors like long-term purchase, flexibility in way of paying, using labeling all are an integral part of domestic sale of hand-made carpets. Although, price strategy is identified as last strategy, executer must pay attention to pricing patterns and choice the best strategy for this valuable product which can compete with similar products and it is led to raise competitiveness of the product.

Promotion is the most effective marketing strategy. Results and findings indicate that, some components like discounts, media, professional sellers, professional exhibition of hand-made carpet, using brochure and magazines for introducing the products for consumers, eventually, using prize and gifts are effective in domestic sale of hand-made carpet. Thus, it is proposed with launching seminars, competitions throughout public media can introduce this incredible art dimension of this product.

Essential factors are effective in domestic sale of the product, distribution is fourth marketing strategy. Some factors like electronic sale, location of market, decoration of hand-made carpets in the market and direct distribution are vital in competitive market of hand-made carpet. Up-to-date decoration of hand-made carpet’s market can have essential impact on sale of this product. Moreover, by creating hand-made carpet’s market in new complex market

and exit from old markets can attract new customers. Since, people refer more to these places for entertainment and purchase. On the other hand, by improving software and hardware infrastructure about electronic trade of hand-made carpet by virtual exhibitions and markets for developing and improving of hand-made carpets market.

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