
The Impact of Price, Promotion and Distribution on Handmade Carpet Selling

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ABSTRACT

Iranian Carpet which displays art identity and culture of Iranian is a commodity considering by many people in today's world, and this could be a good explanation for needing use differences marketing strategies in order to increase sales of this product. Therefore, considering that the market share of handmade carpet competitors such as flooring is increasing, and one of the factors is strongest substitutes for this product; hence, appropriate action should be taken so as to maintain and surpass in this competitive market of flooring by using knowledge of marketing, application tools and suitable solutions of marketing in this field. This research is in terms of practical and descriptive approach. A questionnaire was designed for this study that after validation distributed among vendors of handmade carpet in Khorasan Razavi. The results indicate that all the strategies which considered in this paper are effective on domestic sales of hand made carpet. They are listed in priority: promotion, distribution and price.

Keywords: Marketing Strategies, Domestic Sale, Handmade Carpet Industry.

Introduction

Carpet has a intimately link to the Iranian people ,and it is part of cultural and social identity Iranian people that remained as a precious heritage from the long time ago ;moreover, it is one of the products which either outdated or luxurious Handmade carpet has a special position in the life of Iranians. in other words, Handmade carpet indicates art and culture of Iran in different historical periods(Poormand, 2010). Consumers have tended toward newer products in the era of industrial technologies development and with entering new products. nowadays, carpet

and furniture have been substituted for handmade carpets and similarly there is a competition between this goods. the manufacturer of a product such as handmade rugs not only compete with each other but also compete with other manufacturing sectors like Machine-Made carpets and furniture. for this reason, maintaining market of Handmade carpets is important as much as the artistic aspect(loosh ,2000). The observation indicates that this industry has not been able to maintain its position in today's competitive market in the world or

improve it and needs to attend global competition arena with measures and policies that are different from the past. on the other hand, this industry has failed to develop a domestic market for its products; in addition to, using existing capacity in the country. Ignoring the fundamentals of modern marketing and trading is one of the key reasons for the decline and sale stagnation of this product. this lack of attention can cause to loss competitive advantages of Persian handmade carpets in national and international level in long-term, and Iran's market share will decline sharply (Chytsazyan and etc, 2010).

Literature Review

Paying attention to marketing and increasing sale are success solution of any business and corporate because the purpose of production and economic activities are sales and consumption; in addition to, all costs of manufacturing is compensated by selling and its revenue (Hedayati and Mahdavi Nia,2011) in today's competitive world, all organizations are looking to increase their sales and profits. In other words, one of the main concerns of trade and activity in today's dynamic and competitive environment is competitiveness. Nowadays, companies require a strong instrument in order to take advantage of these opportunities which achieve more sales by using it. increasing growth companies and enterprises, especially, in the field of business and intense competition for survival and having more sales than market makes the environment more complex and difficult for managers decisions which in such circumstance, a false or inaccurate and unconsidered decision leads managers to permanent failure (Shapoori,2005). According to problems of hand-made carpet industry

such as lack of marketing advertising and necessary training to use the right marketing instrument this has had an important role in reducing handmade carpet sales so that sellers should take note of this important point that what policies regarding their market or industry have so as to gain the most profit in a competitive market in terms of selling of hand-made carpet (Hagh Shenas Kashani, 2010). In other words, using of marketing strategies has a particular importance so that we could determine status of the target market and attracting customers. in fact, important and decisive factors in maintaining or increasing sales are Price, Promotion, Distribution.

Price: it is a worth that customers pay in exchange for goods or services. while other elements are cost ,price is the only element in the mix marketing that generates revenue (Rusta ,2004).

Promotion: the activities that companies do in order to give information to customers about value and utility of product so that customer purchase our offered products among available products in the industry(Daragy, 2005).

Distribution: it is one of the components of the mix marketing that is responsible for transfer the product from the place of production to the place of purchase to the customer in its simplest form. in other words, the main task of distribution to management is that goods at the right time and place will be available to potential customers (Bkhtayy, 2007).

Domestic and Foreign markets of handmade carpet

Iranian handmade carpet which are unique in terms of quality, designs and colors has a great reputation in the global markets. Over the last several decades, Iran's share from global market is facing challenges. In fact, we are facing with the

reduction of carpet export for nearly two decades which for this reason the development of technology production has challenged in all traditional arts and crafts. local market of hand-made carpet also does not have a good situation due to the reduction of purchasing power of people and entering other industrial flooring with lower prices. Many carpet sellers are complaining of the economy market state in Iran. Changes of values in the life of Iranians that has led to changes in the decorators homes require basic tact in order to increase competition between handmade carpet and other flooring which be able to reach a greater share in the competitive market of flooring by using appropriate marketing strategies. As a result, understanding the culture and tastes of each generation and creating new and different designs which can be associated with authenticity will play an important role for forming a positive trend for development of handmade carpet in domestic and foreign markets(Poormand, 2010).

Previous Empirical Studies

A research with the aim design and ranking of mix marketing elements of internal handmade carpet of Iran was done by Chytsazyan (2010). In proposed model of this research, mix marketing of handmade carpet is included: product, price, promotion, distribution and artistic and historical authenticity. The results indicated that the importance of factors were as follows: artistic and historical authenticity, promotion, product, price and distribution.

A study with the aim of checking structure of production and distribution of handmade carpet based on supply chain of value was examined so as to identify the type of manufacturing and distribution handmade carpet systems by Asayesh and

Faraji(2008). The results indicated that structure of production and distribution of handmade carpet is based on system that view of Customers is not considered in the production and distribution of handmade carpet.

A study with the aim of identification relationship between the visual elements of advertising and product quality expectations was done by Clow and etc(2006). The results showed that appropriate visual elements in an advertisement have a greate impact on assessing the quality of the product by customers.

A study with the aim of packaging and purchase intent was done by Speece and etc. (2004). The results indicated that food packaging and drugs dermatologic is one of the most important factors in Selling.

Methodology

This study investigates the impact of marketing strategies on domestic sales of handmade carpet industry.

Data Collecting Tools:

The present study has been divided into two parts as the following to obtain the required data.

- 1) **Library studies:** in order to study the literature of research subject, we studied books and articles.
- 2) **Field Researches:** Questionnaire is used to collect the required information and measure the variables of the research.

Research Hypotheses

H1: Significant relationship exists between Price and domestic sale of handmade carpet.

H2: Significant relationship exists between Distribution strategy and domestic sale of product.

H3: Significant relationship exists between Promotion strategy and domestic sale of handmade carpet industry.

$$N = \frac{z^2 pqN}{d^2(N-1) + z^2 pq}$$

Relationship 1

Sample

In this study, we used cluster sampling so that each of the cities of Nishabur and Mashhad selected as a cluster from other cities of Khorasan Razavi province, and carpet sellers are studied in these cities by random sampling.

N= Statistical population size
 n= Sample size
 Z= Standard normal variable
 P= Amount of existing attribute in the Community
 q=Percentage of people in the community who does not have this trait
 d= Amount of permitted error

Table 1. Sample size determination by Cochran’s formula

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

Validity and reliability of measurement instruments

Validity of questionnaire

In this study, method of content validity was used to assess the validity of the questionnaire. So that questionnaire was given to experts and sellers of handmade carpet and asked them to express their opinions about that. Then, validity of questionnaire was confirmed by reviewing comments and guidance of Super advisors and advisor.

Reliability of questionnaire

Cronbach's alpha was used to determine the reliability of questionnaire. According to 20 samples, Alpha was equal to 0.94, so we can say that the questionnaire has a high reliability.

Method of of data analysis

Kolmogorov – Smirnov was used in order to investigate normality of the data. 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, assumption of normality of the data is accepted.

Now we compare the mean of variables with the number 3 by using one-sample of 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	H0 Rejected
Distribution	4.05	0.557	22.788	0.000	H0 Rejected
Promotion	4.14	0.469	29.277	0.000	H0 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 handmade 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

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

Conclusion

First hypothesis: Price strategy is identified as final marketing strategy. Some factors like long-term purchase, flexibility in way of paying, using labeling are all an integral part of domestic sale of handmade carpets. Although price strategy is identified as last strategy, executer must pay attention to patterns of pricing 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.

Second hypothesis: another essential factor that is effective on domestic sale of the is distribution. Some factors like electronic sale, location of market, decoration of handmade carpets in the market and direct distribution

are vital in competitive market of handmade carpet. Up-to-date decoration of handmade carpet's market can have essential impact on sale of this product. Moreover, by creating handmade 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, we can use the exhibitions and virtual stores for promoting and selling by improving software and hardware infrastructure about electronic trade of handmade carpet in the country.

Third hypothesis: promotion is the third approach that known as an effective marketing strategy. Results and findings indicate that some components like discounts, media, professional sellers, professional exhibition of handmade carpet, using brochure and magazines for introducing the products for consumers and finally using of prizes and gifts are effective in domestic sale of handmade carpet. Thus, it is proposed with launching seminars, competitions throughout public media can

introduce this incredible art dimension of this product.

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