

Relationship between marketing mix and sales performance In the context of the Iranian Steel private firms

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Abstract.

This research aims to test relationship between marketing mix and sales performance, in the context of the Iranian steel private companies. It also aims to identify which combination of marketing mix has the most effect on increasing the level of sales performance. A model was developed and it was tested by using a survey methodology based on a validated questionnaire. Survey responses collected from top managers and marketing managers. The results have been verified and it shows that there is a relationship between marketing mix and sales performance. For these reason generalizability is better to consider. This is the first study to demonstrate a link between marketing mix and sales performance in Iranian steel market. The paper, therefore, reports work in an area not previously researched empirically.

Keywords: Marketing mix, Product, Price, Promotion, Place, Sales performance

1. Introduction

Steel has a vital role in every country specifically in Iran. Because of the large amount of requirements in projects forced decision makers to establish new factories or developing current companies. These years investors are planning to establish new factory in some locations of Iran that have a proper strategic and economic condition. In addition they should prepare marketing plan for using in their marketing strategic planning and firm strategic planning in order. For this reason marketing strategists as sophisticated persons in this field need to know about the marketing condition in present time in Iran. Therefore comprehending the priorities in this field of industry are very considerable. The fact that current research focused on market orientation and has done a lot of research in this field but, the marketing mix review as a very important issue in the industry that can be a great help to researchers and those working in the industry specifically investors. In addition sales performance as one of the most important factors in any activity on the factors that make up the marketing infrastructure can satisfy the needs of the company and adjust the level of expectations of this industry. According to Crittenden marketers have done an excellent job of instilling the 4Ps of the marketing mix into the mind of anyone interested in business (Crittenden, 2005). With respect to this thought, all companies expect improve their sales performance. Indeed, our objective is to explore the correlation between marketing mix as one the important issues in marketing management and sales performance. The companies are studied in this research, are well established in Iranian Steel industry and have a high reputation, but their commercial performance face with some problems and do not have an

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appropriate marketing strategy. The remaining parts of our article are organized as follows. Previous research on marketing practices and sales performance is reviewed. We introduce a new model that hypothesizes the correlation between marketing mix and sales performance. We discuss the results of our analysis in proposed model. In addition, future research ways are suggested, and the limitations of the study are mentioned.

2. Literature Review

2.1. Marketing

Marketing has long been thought of as a process that focuses upon the necessary components of creating and fulfilling satisfactory exchanges between consumers and companies. From a purely theoretical perspective, marketing as a process ensures that all aspects of a marketing program are presented in a consistent, simple, and disciplined manner. The essence of marketing, then, becomes that of defining a target market and developing the marketing mix that meets the wants and needs of the particular target segment (Crittenden, 2005). Marketing is generally considered to be fundamental to the development and performance of firms (Narver, and SF. Slater 1992), (Day, 1992), (Kohli, and Jaworski, and Kumar, 1993). But marketing has changed significantly since it first emerged as a distinct business and management phenomenon between the First and Second World Wars (A. Lindgreen, R. Palmer, J. Vanhamme, 2004). Marketing researchers argued the four Ps of the marketing mix became an indisputable paradigm in academic research, the validity of which was taken for granted (Grönroos, 1983). As noted by Shapiro, the marketing mix is truly bone of the most powerful concepts ever developed for executives (Shapiro, 1985).

2.2. Sales performance and Marketing outcome

Fitzgerald and Moon postulated that performance is a multidimensional construct, the measurement of which varies, depends on a variety of factors that comprise it (Fitzgerald, 1996). Palmer and Ples argued that “we therefore introduced the marketing outcomes construct in order to have a more directly related marketing practice with results” (Palmer, Pels, 2003). They further suggested that “a more sophisticated level of marketing practice will deliver higher levels of marketing outcome, but this would not be necessarily reflected in corporate performance due to the influence of the many other variables”. In fact, the researchers believe obtaining objective data from documentary sources such as trade and other publications was not a viable alternative to carry out such research in Iran because of their accuracy (Nikoomaram, Jafari, 2011).

2.3. Conceptual Framework

In this segment the conceptual framework of this study is presented. This model that is shown in figure 1 presents the components of marketing mix. It also shows how marketing mix components affect sales performance. It should be mentioned that this article not only present the effect of marketing mix on sales performance but also the most effective factors of marketing mix on sales performance are evaluated.

Based on the discussion above, this study offers the following hypotheses:

Hypothesis1. Product and sales performance have a positive relationship.

Hypothesis2. Price and sales performance have a positive relationship.

Hypothesis3. Promotion and sales performance have a positive relationship.

Hypothesis4. Place and sales performance have a positive relationship.

3. Research Methodology

3.1. Sample and data collection

The population of this study is built on top and middle managers of 12 firms in Iran. We collected a group of managers that they are top managers such as chief and direct of board and also middle managers

which are marketing and sales managers or marketing and sales supervisors. The number of this group is 92 persons that the population of this study is 120 persons. These companies active in steel industry and they produce a lot of requirements for other Iranian firms and also they active in global markets and export their products. These firms have a suitable management system and they are started their activities for more than two years. The youngest manager in the sample is 28 years old and the oldest manger is about 72 years of age. The managers are 40 years old on average. 49 percent of them are female and others are male.

3.2. Measurement

This study is questionnaire based and the questionnaire of this study has 48 questions. We measured all variables on a five point Likert-scale with the level 1= "strongly low" to 5= "strongly high". The Reliability test was performed by Cronbach's alpha. In this study product was measured by 10 questions: (Cronbach's alpha =0.633), price with 16 items: (Cronbach's alpha =0.709), promotion by 9 items: (Cronbach's alpha =0.657) and place with 6 questions: (Cronbach's alpha =0.619).

It should be mentioned that sales performance was assessed by 4 questions: (Gunday, and etc al, 2011). (Cronbach's alpha =0.802). For specifying such a period to understand about sales performance, the last three years appears to be a proper choice. The respondents are requested to compare the perceived average performance of their firm in the last three years to the perceived average performance prior to this period.

3.3. Analysis and results

In this section the hypotheses were tested by statistical methods, for this purpose we get benefit from SPSS program. The hypotheses were tested as seen in table 1 the results of Correlations analysis show that there is a relationship between price and sales performance (Pearson Correlation=.476, Sig<0.05), there is a relationship between product and sales performance (Pearson Correlation=.450, Sig<0.05), and there is a relationship between place and sales performance (Pearson Correlation=.610, Sig<0.05) and also there is a relationship between promotion and sales performance (Pearson Correlation=.234, Sig>0.05). Therefore it means that all hypotheses were supported. The findings are shown in table 1. For more details a regression model was run and its result showed that according to ANOVA table there are a linear relation between marketing mix and sales performance (Sig<0.05). The equation between these variables is "Sales performance= Place * 0.525 + Price * 0.357". So we can say that the place and price are the most effective factors to increase the level of sales performance.

4. Conclusion

The results indicate that marketing mix has significant relationship with the sales performance. It means that all our hypotheses are supported and there are relationship between Product, price, promotion and place as marketing mix with sales performance as an outcome of marketing strategic. According to these finding we can say that the marketing mix has been the marketing manager's toolkit for success. A firm's marketing plan is basically comprised of the 4Ps of the marketing mix toolkit, with practitioners and academicians segregating a marketer's tasks into product, place, price, and promotion (Crittenden, 2005). It also fits with the firm's sales performance, including changes to the company's performance will occur.

According to hypothesis, marketing managers and top managers should pay sufficient attention to their marketing strategy planning, because all 4Ps have a relationship with sales performance and all of them can play an important role in the firm's success. Marketing is often seen as a key driver of business performance and profitability. But regarding to ANOVA table, place and price, in this circumstances of Iran's time and market have the most impact on sales performance.

This study has limitations, and the results should be interpreted accordingly. Firstly, the methodology employed was a major limitation. The sample of choice only focused on 12 Iranian private steel companies, not all steel companies. The results should not be generalized for all steel companies in Iran. Furthermore,

the sample size of 92 limits generalizability as well. It means that collecting more data would strengthen the findings of the research. The low response rate may be because the questionnaires were specifically addressed to middle and top managers such as chief executive office, marketing managers and managing directors. Many of these top managers may have not enough time to fill the questionnaires. Also some questionnaires were returned unanswered.

Finally, for further researches we suggest that investigating other components of marketing which should be able to develop sales performance. In addition, study on way of pricing is highly recommended and will be useful under critical competitive situation in Iran. As a conclusion, this study examines relationship between 4Ps of marketing mix and sales performance, to provide some practical information and insights to help understand the extent of market and its outcomes among private steel companies in Iran. The finding should be useful for all Iranian managers who want to develop their marketing activities in steel companies in Iran.

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Figure and Tables:

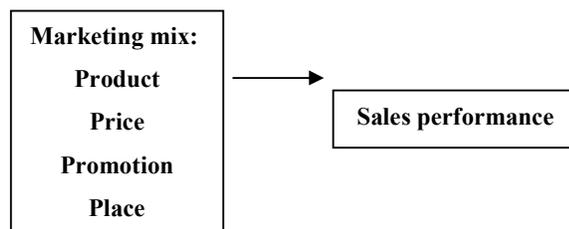


Fig1. The relationship between marketing mix and sales performance

Table 1 Correlations

		Product	Price	Promotion	Place	sales performance
Product	Pearson Correlation	1	.352**	.238*	.550**	.450**
	Sig. (2-tailed)		.001	.023	.000	.000
	N	92	92	92	92	92
Price	Pearson Correlation	.352**	1	.338**	.412**	.476**
	Sig. (2-tailed)	.001		.001	.000	.000
	N	92	92	92	92	92
Promotion	Pearson Correlation	.238*	.338**	1	.316**	.234*
	Sig. (2-tailed)	.023	.001		.002	.025
	N	92	92	92	92	92
Place	Pearson Correlation	.550**	.412**	.316**	1	.610**
	Sig. (2-tailed)	.000	.000	.002		.000
	N	92	92	92	92	92
sales performance	Pearson Correlation	.450**	.476**	.234*	.610**	1
	Sig. (2-tailed)	.000	.000	.025	.000	
	N	92	92	92	92	92

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Table 2 ANOVA^b

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	15.297	4	3.824	17.304	.000 ^a
Residual	19.227	87	.221		
Total	34.524	91			

a. Predictors: (Constant), Place, Promotion, Price, Product

b. Dependent Variable: sales performance

Table 3 Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
(Constant)	-.468	.501		-.934	.353
product	.157	.129	.119	1.222	.225
Price	.357	.127	.258	2.820	.006
Promotion	-.027	.109	-.022	-.250	.803
Place	.525	.119	.445	4.403	.000

a. Dependent Variable: sales performance