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The effect of promotional mix on the increased sales of sports products

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Abstract

The paper aims to study the effect of promotional mix on the sale of athletic products in Shiraz city. The statistical population of this study consisted of all the consumers visiting stores selling sporting goods in Shiraz, the number of which is unlimited. Data were analyzed using the Structural Equation Model (SEM) via LISREL software. Results indicate that the effect of promotional mix and its dimension (i.e. advertisements, sale campaigns, public relations, personal sale) has a significant effect on the sale of sporting goods in Shiraz, and hence recommendations are offered for the industry in this regard.

Key words: promotional mix, sales promotion, sports.

El efecto de la mezcla promocional en el aumento de las ventas de productos deportivos

Resumen

El documento tiene como objetivo estudiar el efecto de la mezcla promocional en la venta de productos deportivos en la ciudad de Shiraz. La población estadística de este estudio consistió en todos los consumidores que visitan las tiendas que venden artículos deportivos en Shiraz, cuyo número es ilimitado. Los datos se analizaron utilizando el Modelo de Ecuación Estructural (SEM) a través del software LISREL. Los resultados indican que el efecto de la mezcla promocional y su dimensión (anuncios, campañas de venta, relaciones públicas, venta personal) tiene un efecto significativo en la venta de artículos deportivos en Shiraz, y por lo tanto, se ofrecen recomendaciones para la industria en este sentido.

Palabras clave: mezcla promocional, promoción de ventas, deportes.

1. INTRODUCTION

Marketing plays a critical role in determining companies' strategies and practices. In recent studies, marketing has been defined as the process of applying knowledge, skills and resources of the organization as to create added value for goods and services, to meet competitive demands and to alleviate market-related needs. The importance of the learning process in the development of companies'

marketing capabilities results in specific marketing processes consistent with the company's competitive strategy.

Marketing capacities are, by definition, an integrated process in which the companies engage their both tangible and intangible resources as to comprehend the complexity of customers' particular needs, to achieve a certain level of product distinction for competitive advantage, and finally to achieve a quality brand. Essentially, marketing thinking is a business philosophy that pushes the customer to the center-stage of organizational activities. Preliminary efforts to implement and to apply the concept of marketing in practice have led organizations to a more customer-oriented ideology, since as previously stated, the marketing concept basically places the customers at the focal point the organizations' endeavors, thus making them customer-oriented. It is needless to say that the main focus of customer-oriented organizations is placed customers, but this approach can be readily criticized as such focus deprives them of other marketing factors. Market-orientation is a type of behavioral norm that is extended throughout the organization and, meets the needs of the present and future market and customers through innovation. Market-orientation can be defined as a stage in the organization's maturity, or as a level that reflects organizational maturity. Market-orientation has been based on marketing thinking and marketing thinking is the basis of its philosophical foundation (Narver and Slatter, 1990). Marketing-orientation is observed from a cultural point of view and thus three essential components of customer orientation, rivalry, and inter-tasking coordination are introduced. Communications are a set of exchanges

that provide awareness of the relationship through trust and commitment among multiple variables. Communication with customers is the concern of many researchers and practitioners of marketing. Emphasis on relationship-driven marketing is justified through the fact that establishing committed relations with customers is resulted from customers' satisfaction, their references, trust and word of mouth. Relationship-based marketing is concerned with exchange-driven marketing with the purpose of creating long-term relationships, which is based on trust and mutual interests (Sheth et al., 2007). In the current post-competitive era, only companies are successful that stabilize their position in the market based on market conditions, the status of competitors and their strengths and weaknesses, and satisfy their consumers with higher value propositions than competitors in the market. One aspect of acquiring customer satisfaction is to provide goods and services in accordance with the requirements and values of the customers or even beyond (YUNG-KIL and Jin-Woo, 2016). One of such aspects is promotional mix. Progress and promotion activities cover all activities that a company undertakes to promote its products and make them relevant in the target market. Progressive activities include sales campaigns, sales promotion, media ads, sales staff and relationships and direct marketing (Cutler, 2006).

In such competitive markets, the application of marketing tools is more concerned with influencing consumers and buyers than with creating new demands. When a new product is marketed, marketing comes into the forehand and encourages the consumer to buy a new product, a goal which is pursued by using the promotional tools at

hand. Promotion is one of the elements of the marketing mix, through which the company communicates with the consumer and encourages them to buy the product through advertising, promotional sales, personal sales and public relations (Qelichlei, 2012). In all marketing processes, marketers try to impose quality in the minds of customers for creating added-value. Such created value for customers leads to repeated purchases, ultimately leading to increased sales. In fact, marketing is looking for appropriate methods to meet the needs of customers, and it is these methods that ultimately distinguish successful and unsuccessful companies (Daneshian, 2011).

Given the fact that a wide spectrum of families, particularly young adults and teenagers, use sporting goods, the level of competition in the industry has increased accordingly. Stores selling sporting goods are experiencing intense competition in terms of advertisements, brand names and prices. According YUNG-KIL and Jin-Woo (2016), intense competition necessitates rapid and timely sale of products by producers (Hosseini et al., 2011). Some of the world's most prominent producers have achieved a relatively high share of market in the global scale. Yet, more recent competitors have acquired a modest share of the market by creating products in accordance with the needs and demands of consumers, competitive prices, and new ways for introducing goods and widespread advertisements among others.

In the meantime, stores selling sporting products have managed to gain a foothold in the market of Iran due to their high quality and

affordability as well as ease of access. But unfortunately, in recent years, sales have been dropped due to various reasons. The sensitivity of the issue has led to the investigation of the managers, officials and shareholders of companies. Since the three components of product, price, and distribution from the marketing mix of the company are in relatively solid positions in line with the considerable increase of quality, the price and the distribution channels of the company, both in terms of breadth and performance, have managed to stay competitive; hence, the only issue that has been very vital and critical in this domain and yet has failed to garner the attention of the researchers in promotional activities of the companies, particularly from the consumers' point of view.

According to the aforementioned contents, the key research question is whether or not the promotional mix will affect the sales of sports products in Shiraz.

2. METHODOLOGY

The study was conducted using casual descriptive design. The statistical population of this study consisted of all the customers' stores selling sporting goods in Shiraz, the number of which is undefined. According to Morgan's table, the sample size was calculated to be 384 people, and for redundancy purposes, 400 questionnaires were distributed randomly among them. In the current study, Promotional mix and its dimensions (Advertisements, sales promotions, public

relations, personal sales) are independent variables, and increased sale is the dependent variable of the research.

In the conducting phase of the study, the know-how to responding the tests for the participants was described in detail after providing a preliminary description of the measurement tool and the purpose of the test. In regards to ethical considerations, once written consents were acquired from the participants along with providing necessary information, the participants were assured that the information received would be used only for researching purpose and their confidentiality is not to be breached. The questionnaire contained questions that were designed to measure the variables of knowledge infrastructure capabilities, process knowledge capabilities, knowledge sharing, and organizational effectiveness. The responses were offered on a 5-point Likert Scale. Copies of the questionnaires were handed out experts and professors, asking them to investigate their validity. Next, some of the questions that vague, inconsistent or irrelevant to the subject, spatial domain and statistical society were excluded from the questionnaire at the expense of questions with better expressiveness. To determine its reliability, Cronbach's alpha method was used. The results showed that the questionnaire has a good reliability [Table 1].

Table 1: Values for Cronbach's alpha

Variable	Cronbach's alpha
Advertisements	0.742
Sales Promotion	0.815
Public Relations	0.755
Personal Sale	0.839
Increased Sale	0.743

The conceptual framework of the relations between research variables is demonstrated in [Figure 1]. Structural Equation Model (SEM) was used to analyze data. For all analyses, $p \leq 0.05$ was considered significant.

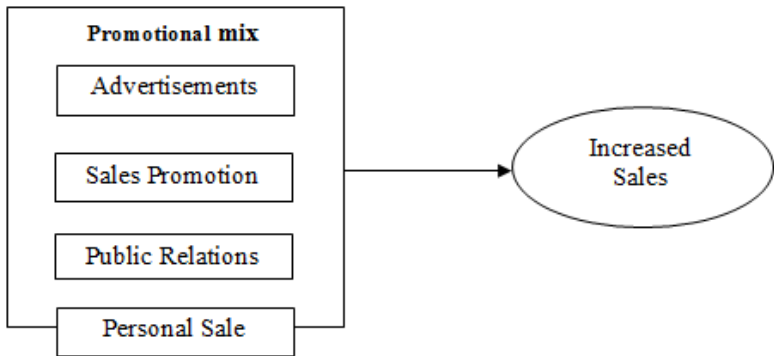


Figure 1: Conceptual Framework of the Research

3. RESULTS

[Table 2] shows the average and standard deviation of research variables.

Table 2: Descriptive Statistics of Research Variables

Variable	Mean	SD	Variance	Minimum
Advertisements	3.2917	0.72792	0.530	1.50
Personal Sale	3.3596	0.85209	0.726	1.33
Sales Advancement	3.4300	0.90266	0.815	1.00
Public Relations	3.0565	0.42985	0.185	1.80
Increased Sale	3.2143	0.70451	0.496	1.00

To investigate the fitness of the model, Chi-square Coefficient relative to the Degree of Freedom ($\frac{\chi^2}{df}$), Confirmatory Fit Index (CFI), Goodness-of-Fit Index (GFI), Adjusted Goodness-of-Fit Index (AGFI), Normalized Fit Index (NFI), Non-Normalized Fit Index (NNFI), Root Mean Square Error Approximation (RMSEA). $\frac{\chi^2}{df}$ was calculated to be 2.56, and all the indices of CFI, GFI, AGFI, NFI, NNFI exceeded 0.9, while RMSEA was less than 0.1, indicating the high reliability of the measurement model in [Table 3].

Table 3: Fitness indices of measurement models

Variables of Model Fitness	Index	Value	Desired Range	Result
Relative Chi-Square	χ^2/df	2.56	< 3	Acceptable
Root Mean Square Error Approximation	RMSEA	0.045	< 0.1	Good Fit
Residual Mean Square Root	RMR	0.009	« 1	Acceptable
Normalized Fitness Index	NFI	0.92	> 0.90	Very Good
Non-Normalized Fitness Index	NNFI	0.95	Appx. 1	Very Good
Confirmatory Fitness Index	CFI	0.96	> 0.90	Very Good
Relative Fitness Index	RFI	0.94	> 0.90	Very Good
Increasing Fit Index	IFI	0.98	> 0.90	Very Good
Goodness-of-Fit Index	GFI	0.93	> 0.90	Very Good
Adjusted Goodness-of-Fit Index	AGFI	0.97	> 0.90	Very Good

The method of Path Analysis was used to study the relation between variables. According to [Table 4], it is safe to say that the acquired variables are considered statistically significant when their significance test are higher than 1.96 or less than -1.96. As observed, the significance ratio between advertisements and increased sales of sporting products is 5.15. Therefore, the structural model shows that advertising has a positive effect on the increased sales of sporting goods among all the customers of sporting goods stores in Shiraz, and advertising has an impact on sales of sports products by a factor of 0.58. Significance factor between sales promotion and increased sales of sports products is 6.69. Thus, the structural model illustrates that sales promotion affects the sales of sporting goods among all the customers of sporting goods stores in Shiraz by a factor 0.46. The significance coefficient between public relations and the increased sales of sports products was 5.71. Thus, the structural model indicated that public relations affect sales of sporting goods among all customers of sporting goods stores in Shiraz by a factor 0.61. Also, the significance factor between personal sales and the increased sales of sports products is 4.33. Hence, the structural model shows that personal sales have a positive effect on the sales of sporting goods among all customers of sporting goods stores in Shiraz by a factor of 0.49 in [Figure 3 and 4].

Figure 2: Test of conceptual model for research in regards to significance coefficients

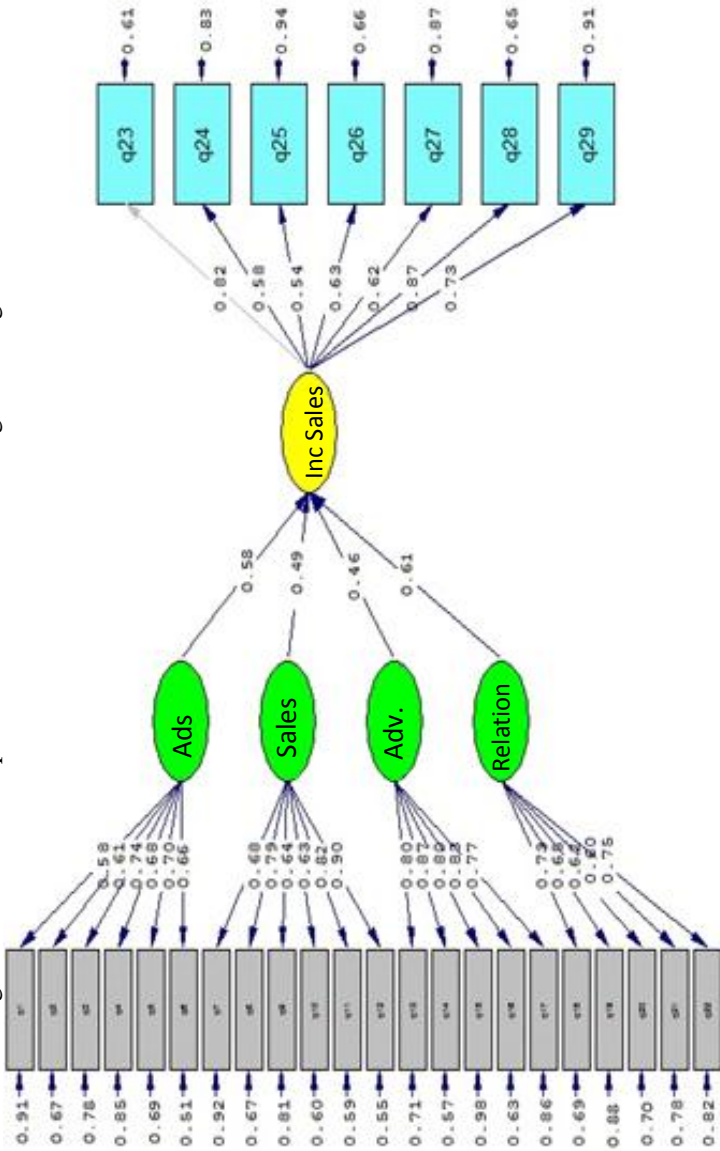


Figure 3: Test of conceptual model for research in regards to load factors

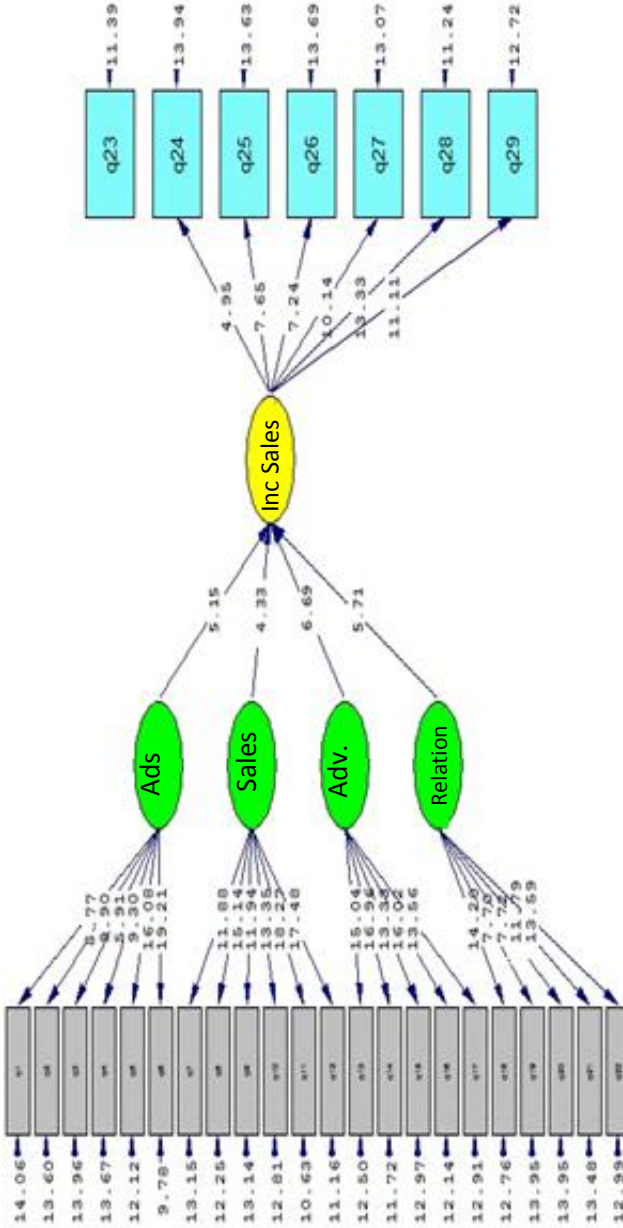


Table 4: The result of the study of relationships in the research model

Load factors	Significance Levels	Relations in Model	Result
0.58	5.15	Advertising has an impact on sales of sports products.	Approved
0.46	6.69	Sales Promotion has an impact on sales of sports products.	Approved
0.61	5.71	Public Relations has an impact on sales of sports products.	Approved
0.49	4.33	Personal Sale has an impact on sales of sports products.	Approved

4. DISCUSSION AND CONCLUSION

In today's competitive sphere, companies should, for the purpose of gaining competitive advantage, highly devote themselves to consumers and alleviate their needs, in a better manner compared to the competition. From one side, consumers have different tastes and tendencies while shopping, which should be given priority in configuring marketing strategies. In case the elements of the promotional mix of the company are implemented and pursued in line with the customers' desired goals and cover the interests of customers as well as the interests of the organization, the company will have a very competitive foothold compared to its competitors, which will, in turn, increase the company's profit in the long-term. The essential need to comprehend the buyer's attitude and his orientation can only be achieved by asking the marketing planner to consider the actual,

practical and accurate sourcing process of the buyer, in which the concept of the promotional mix is of paramount importance. Therefore, advertising and sales planning, public relations, personal sales and direct marketing of various programs should be pursued in order to influence male and female consumers. The current research was based on the study of the impact of the promotional mix on the increased sales of sporting goods in Shiraz. In this regard, the results showed that the promotional mix and its dimensions (advertisements, sales promotion, public relations and personal sales) had a significant effect on the increased sales of sporting goods in Shiraz. The results of this study are in line with findings from researches carried out by Hosseini et al. (2011).

Daneshian (2011) has studied the elements of the promotional mix and attempted to determine the most effective elements of the promotional mix in regards to its efficacy in creating positive attitudes toward dairy products using the AHP method. Among the 16 promotional tools tailored to the dairy products - selected as optional options - the most effective method for promotion as to raise the awareness, interest, willingness and attitude of consumers toward dairy products was televised advertising, according to interviews conducted with different groups in Pegah Dairy Factory of Lorestan in 2006, while the most effective promotion method to push potential consumers into buying dairy products was In-Person Sales. Today's organizations are concerned with identifying and managing effective methods and patterns of creating loyalty to step beyond the primary expectations and achieve loyalty through establishing long-term,

mutual and profiting relationships. Daneshian (2011) studied and rated the elements of the promotional mix in attracting consumers at Sepah Bank branches in Qom. In this study, all research hypotheses were confirmed after data analysis, and the authors find that all the elements of the promotional mix have significant effects on attracting potential consumers to Sepah Bank branches in Qom. Based on the calculated means in t-tests, they conclude that the most effective elements among promotional mix as to attracting potential consumers pertain to personal sales, non-personal advertisements, sales promotion and direct marketing tools, while public relations have the least influence on attracting customers to Sepah Bank customers in Qom. Hosseini et al. (2011) have studied and evaluated the role of the promotional mix in increased sale of hygienic and sanitary products. Parametric and nonparametric statistical tests were used to test the hypotheses of the research. The research findings indicate that in-person sales, sales advancement and advertisements are the most effective tools in increasing the sales of hair dye, but direct marketing has no significant effect on the increased sales of the aforementioned product. Daneshian (2011) investigated the impact of promotional mix on sales growth. Their findings show that marketing is not based on the production of facilities, but pursued on the basis of providing the informational channels for the consumer. Successful companies identify appropriate methods for convincing customers as to maintain their position in market share and gain a foothold in the competition. The cosmetics industry is rapid change in climate, yet the share of domestic producers has declined with their sales decline. Hosseini et al. (2011) studied the effect of the elements of the promotional mix on the sales volume of

financial institutes of Kenya, choosing Administrative Savings Bank of Kenya as a case study. Their findings indicate that promotional contents are frequently used by various organizations to respond to the demands of the target market for increased market share. The findings also indicate that promotion of sales has the highest position in increased sales, while Personal sales, Rating advertisements and public relations are respectively placed second, third and fourth elements, while direct marketing was ranked the lowest, as confirmed by the results of regression analysis.

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