

The Evaluation of Place Strategy on Sale's Increasing of Hormozgan Cement Company

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ABSTRACT

Cement is one of the most consumed industrial products in the world and cement producing companies have been devoting big attempts to increased their sales. The present study aimed at evaluation of effect of place strategy on sale increasing of Hormozgan Cement Company via two indices, i.e. product maintain inventory and distribution channels. The present study is descriptive in terms of method type but practical in terms of purpose. The data were collected through questionnaires. The statistical population was experts of production, sale, financial, and quality control sectors of Hormozgan Cement Company. Validity and reliability of the questionnaire were approved by experts' confirmation and Cronbach's alpha, respectively. The data were analyzed through descriptive statistics. According to the results obtained from the present study, it was concluded that place strategy may exert positive effect on sale increasing of the company.

KEYWORDS: sale increasing, place strategy, product maintain inventory, distribution channels, cement.

1- INTRODUCTION

Simply put, place (or distribution) is a critical element of marketing. It's the method you use to get your product or service through various distribution channels to the ultimate purchaser or end-user; in other words, how and where the consumer buys your product or service [10]. It is a vitally important activity that focuses on how to reach your target market and the location of your business, the location of your target market, how to reach your target market, warehousing of your product maintain inventory, and the transportation of your product maintain inventory [4].

Managers have no choice but to make decisions about marketing channels by which they present their products or services to target markets. Manager's face to one of the most cumbersome stages of decision-making process as their chosen channels may affect other decisions relative to marketing as a whole. For instance, the decision a company makes about pricing is dependent on whether it will use the current network, chain stores, or luxurious stores. Furthermore, the decisions a company should make about sale forces and advertisements depend on the amount of education and impetus it should provide for sale forces [9]. Managers frequently complain about a lack of communication between their marketing and sales executives, often caused by a poorly designed or implemented distribution channel strategy. A well-designed distribution channel strategy takes into account both the salespeople's activities with channel partners and the marketing managers' efforts to better reach and serve end-users [5]. Distribution Channel Management builds a coherent framework that unites marketing and sales efforts in a collaborative learning environment. In fact, distribution is one of integrated components of marketing aiming at reaching products or services to end-users [1,8]. In other words, the most important duty of distribution management is getting the right product, in the right quantity, to the right place, at the right time [2,3]. Furthermore, a company should invest on provision of a proper physical distribution and marketing system [9]. Cement is regarded as one of the most-consumed industrial products in the world which gained attention of all countries as a future-builder product contributing to development, employment, and advancement. It is more important in developing countries for making infrastructures. Cement production is recognized as one of growth and development indicators in every country. Moreover, it may be considered an irreplaceable strategic product for performing infrastructural operations such as agricultural irrigation networks, urbanism, dams, ports, highways, railway, and industrial and official installations. Hormozgan Cement Company is located 80 km off the western Bandar-Abbas near Khamir Port in vicinity of Persian Gulf. Distributing its products in Hormozgan, Boushehr, Fars, Kerman, and Sistan-Balouchestan Provinces, Hormozgan Cement Company should compete with new companies through installation of novel cement plans and increasing capacities of current cement production units in the mentioned regions. The present study aimed at evaluation of effect of place (distribution) strategy on sale increasing of Hormozgan Cement Company.

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The main hypothesis of the study was as follows: place strategy affects sale increasing of Hormozgan Cement Company. Furthermore, two secondary hypotheses were designed as follows:

- (1) Product maintain inventory affects sale increasing of Hormozgan Cement Company.
- (2) Distribution channels affect sale increasing of Hormozgan Cement Company.

1-2-definitions

Distribution: an organized network of institutions and agencies which cooperatively perform all needed activities for relationship between producers and consumers.

Distribution channels: a collection of interrelated organizations which provide goods or services for consumers.

Product maintain inventory: amount of available products in factory and other distribution agencies needed for meeting customers' needs and managing market[7].

2-METHODOLOGY

2-1- Research method

The present study may be considered a practical study in terms of purpose; however, it is regarded as a descriptive study in terms of data collection. Furthermore, it is a cross-sectional study as it evaluated the data derived in a special period of time.

2-2- statistical population

Experts of Hormozgan Cement Company in production, sale, financial, and quality control sectors formed the statistical population in the present study. Statistical population census was adopted as 52 people formed the population.

Abundance distributions of respondents were presented in Tables 1, 2, 3, 4, 5, 6, and 7 in terms of gender, age, education, activity history in the company, overall professional history, type of employment, and sectors.

2-3- Data collection means

The present study adopted questionnaires to collect the data. The questionnaires were designed according to Likert range (1, 2, 3, 4, and 5 which stand for very little, little, so-so, much, and very much, respectively). The questionnaire was comprised of two sections: first contained general questions about the respondents and the second contained 6 specialized multi-choice questions about the hypotheses of the study. Validity of the questionnaires were approved by experts, supervisors, and advisors. Furthermore, reliability of the questionnaire was measured through Cronbach's Alpha method as follows[6]:

$$ra = \frac{J}{J-1} \left[1 - \frac{\sum s_j^2}{s^2} \right]$$

where J is the number of questions subsets, s_j^2 is j^{th} subtest variance, and s^2 is the test total variance. The Cronbach's alpha was measured to be 0.89 which is higher than 0.71 and consequently, the questionnaire's reliability was approved.

2-4- Statistical method

The present study adopted descriptive statistics to analyze the data derived from the questionnaires. The mean secondary hypotheses were estimated and compared to the hypothesized mean (i.e. 3) and then they were prioritized in terms of importance. All the statistical operations were performed via SPSS Software.

2- RESULTS AND DISCUSSION

3-1- Evaluation of the effect of product maintain inventory

Product maintain inventory gained the average score 4.19 (Table 8).

3-2- Evaluation of the effect of distribution channels

Distribution channels gained the average score 4.18 (Table 9).

3-3- Comparing indices

According to the obtained data shown in Table 10, it can be concluded that product maintain inventory (4.19) has higher score than distribution channels (4.18). As the mean values are higher than the hypothesized value (3), the secondary hypotheses of the study (i.e. product maintain inventory and distribution channels) are considered effective factors on sale increasing of Hormozgan Cement Company. The highest effect can be attributed to product maintain inventory although the difference between the variables is very low and insignificant.

3- Conclusion

The present study aimed at evaluation of place strategy on sale increasing of Hormozgan Cement Company. The secondary hypotheses of the study (i.e. product maintain inventory and distribution channels) gained higher score than the hypothesized score (i.e. 3) and therefore, they were approved to exert positive effects on sale increasing. According to the results, it is recommended to consider the following tips to increase the sale:

- (1) Holding training programs for distribution agents and assessment of their performance
- (2) Grading distribution agents in order to provide impetus and competition among them
- (3) Accurate supervision on transportation companies in order to provide more efficient services for customers
- (4) Purchasing and installation of a packer set in order to provide a faster supply of packed cement
- (5) Preserving product maintain inventory for management of cement demand.

Performing similar studies in other cement companies and evaluation of effective factors on satisfaction and faithfulness of customers in other cement companies are put forth as potentials for future studies. Lack of availability of experts and scientific sites can be named as some limitations of the study.

Table 1: abundance distribution of respondents in terms of their gender

Gender	Abundance	Percent	Valid percent	Cumulative percent
Male	48	92.3	92.3	92.3
Female	4	7.7	7.7	100.00
Total	52	100.00	100.00	-

Table 2: abundance distribution of respondents in terms of their age

Age	Abundance	Percent	Valid percent	Cumulative percent
20-30	9	17.3	17.3	17.3
31-40	33	63.5	63.5	80.8
41-50	9	17.3	17.3	98.1
>51	1	1.9	1.9	100.00
Total	52	100.00	100.00	-

Table 3: abundance distribution of respondents in terms of their education

Education	Abundance	Percent	Valid percent	Cumulative percent
B.A or B.Sc.	40	76.9	76.9	76.9
M.A. or M.Sc.	12	23.1	23.1	100.00
Total	52	100.00	100.00	-

Table 4: abundance distribution of respondents in terms of their activity history in the company

Activity history in the company	Abundance	Percent	Valid percent	Cumulative percent
<2 years	10	19.2	19.2	19.2
2-4 years	12	23.1	23.1	42.3
4-6 years	12	23.1	23.1	65.4
>6 years	18	34.6	34.6	100.00
Total	52	100.00	100.00	-

Table 5: abundance distribution of respondents in terms of their overall professional history

Overall professional history	Abundance	Percent	Valid percent	Cumulative percent
<5 years	8	15.4	15.4	15.4
5-10 years	13	25.00	25.00	40.4
10-15 years	14	26.9	26.9	67.3
>15 years	17	32.7	32.7	100.00
Total	52	100.00	100.00	-

Table 6: abundance distribution of respondents in terms of types of their employment

Types of employment	Abundance	Percent	Valid percent	Cumulative percent
Official	11	21.2	21.2	21.2
Contractual	34	65.4	65.4	86.5
Contractor	7	13.5	13.5	100.00
Total	52	100.00	100.00	-

Table 7: abundance distribution of respondents in terms of sectors

Sectors	Abundance	Percent	Valid percent	Cumulative percent
Sale	16	30.8	30.8	30.8
Financial	11	21.2	21.2	51.9
Quality control	13	25.00	25.00	76.9
Production	12	23.1	23.1	100.00
Total	52	100.00	100.00	-

Table 8: evaluation of the effect of product maintain inventory

Questions		Very little	little	So-so	Much	Very much	Mean
Product maintain inventory availability in the company	Abundance	0	0	10	23	19	3.9
	percentage	0	0	19.2	44.2	36.5	
Supervision on distribution agents of the company	Abundance	0	0	3	23	26	4.1
	percentage	0	0	5.8	44.2	50	
Supervision on product delivery time	Abundance	0	0	18	34	0	4.4
	percentage	0	0	34.6	65.4	0	
Product maintain inventory	Mean	4.19					

Table 9: evaluation of the effect of distribution channels

Questions		Very little	little	So-so	Much	Very much	Mean
Sales offices of the company	Abundance	0	0	10	25	17	4.1
	percentage	0	0	19.2	48.1	32.7	
Distribution agents of the company	Abundance	0	2	3	13	34	4.5
	percentage	0	3.8	5.8	25	65.4	
Supervision on products delivery companies	Abundance	0	3	10	28	11	3.9
	percentage	0	5.8	19.2	53.8	21.2	
Distribution channels	Mean	4.18					

Table 10: comparing central indices

Secondary hypotheses	Standard deviation	Median	Mode
Distribution channels	637990	4.33	4.67
Product maintain inventory	529150	4.33	4.33

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