

## Evaluation of Effect of Distribution Strategy on Sale Promotion of Samsung Company in Iran

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### Abstract

As a critical element of marketing, distribution is the method adopted in order to deliver products or services to the final customer or end-user via different distribution channels. The present study was formulated so as to determine the influence of distribution strategy on sale promotion of Samsung Company in Iran by use of two indices, i.e. stock and distribution channels. The data were collected by using a questionnaire. The statistical population was experts of production, sale, financial, and quality control sectors of Samsung Company in Iran. Validity and reliability of the questionnaire were approved by experts' confirmation and Cronbach's alpha, respectively. Data analysis was performed through descriptive statistics. The results acquired from the present study indicated that distribution strategy can have positive influence on sale promotion of Samsung Company in Iran if a careful attention is devoted to the management of stock and distribution channels.

**Keywords:** Sale promotion, distribution strategy, stock, distribution channels, Samsung, Iran.

### 1. Introduction

Distribution is an extremely important component in all marketing activities. It can be defined as an approach in order to deliver products or services to the final consumers via a variety of channels, known as distribution channels (Ulaga et al., 2002). In the present-day competitive world, different brands are taking every measure to not only keep their popularity in the market but promote the fame of their brand. Keller (2012) stated that distribution strategy as well as communication and pricing strategies can have varying effects on brands.

Place is defined as the point-of-sale, supplier, or provider where the product is obtained. Place can also refer to where the behavior is practiced. Suppliers must be easily accessible to customers (Kotler, 2006). Distribution can have effect on special value of brand and it can be used to enhance brand image among customers (Iranzadeh et al., 2012).

It is extremely chief activity to highlight the methods of finding the markets to find ways in order to sell your products and services in addition to where you can preserve your products and services, and the transportation of your stock (Gibson and Davidson, 2004).

Managers ought to consider marketing channels in order to deliver their products or services to the markets they are wishing. Managers have to cope with one of the most difficult phases of policymaking practice because the distribution channels they select might have a profound influence on other decisions about marketing. For example, what a company intends to do about having its pricing strategies has a big deal to do with what kind of distribution channel is going to be adopted. Additionally, policies of a company about sale department as well as whatever strategies to elevate sale figures are in a close contact with the dedication and motivation provided for its staffs (Roosta et al., 2005).

In a research on the influence of distribution on brand special value, Van Riel et al. (2005) concluded that physical characteristics of products have considerable effect on brand special value. 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.

Having proper strategies to manage and control distribution channels can lead to formation of a comprehensive structure for having the most fruitful marketing activities, especially by considering distribution channels. That is, distribution is regarded as an assimilated part of every kind of marketing practice (Bakhtaei and Golchinfar, 2010). The most significant responsibility of all staffs in distribution departments, especially those who are in charge of management of distribution channels, is considering all aspects of distribution such as amount of the products or service, timing, and the final destination the intended product or service is going to be delivered (Esmaeelpoor and Ghaffari

Ashtyani, 2002). Besides, having investments on an appropriate physical distribution and marketing system can be a very effective approach in order to increase sale figures in the current competitive market (Roosta et al., 2005). Distribution can be regarded as practices by enterprises in order to deliver their services or products to customers (Kotler and Armstrong, 2008).

The present study aimed at evaluation of effect of distribution strategy on sale promotion of Samsung Company in Iran. The study tried to answer whether or not distribution strategy affects sale promotion of Samsung Company in Iran. Furthermore, two research questions were designed as follows:

RQ1: Does stock influence on sale promotion of Samsung Company in Iran?

RQ2: Do Distribution channels influence on sale promotion of Samsung Company in Iran?

## 2. Methodology

### 2.1 Research method

The investigation is regarded as an applied research with a descriptive approach. Additionally, it is considered to be a cross-sectional study since it assessed the data obtained during an investigation in a given duration.

### 2.2 Statistical Population

Experts of Samsung Company in Iran in various parts of the company (i.e. manufacture, trade, commercial, and quality control) were regarded as the population. 208 people formed the population. Descriptive information on participants in the present study is summarized in Table 1.

**Table 1:** Descriptive information on participants (gender, age, level of education, years working in Samsung Co., total years working)

		Frequency	Percentage	Cumulative Percentage
Gender	Male	192	92.3	92.3
	Female	16	7.7	100.00
Age	20-30	36	17.3	17.3
	31-40	132	63.5	80.8
	41-50	36	17.3	98.1
	>51	4	1.9	100.00
Level of education	B.A or B.Sc.	160	76.9	76.9
	M.A. or M.Sc.	48	23.1	100.00
Years working in Samsung Co.	<2 years	40	19.2	19.2
	2-4 years	48	23.1	42.3
	4-6 years	48	23.1	65.4
	>6 years	72	34.6	100.00
Total years working	<5 years	8	15.4	15.4
	5-10 years	13	25.00	40.4
	10-15 years	14	26.9	67.3
	>15 years	17	32.7	100.00

Table 2 summarizes the descriptive data on participants of the present study from different parts of Samsung Co. As it can be seen, 30.8% of the participants were working in trade part of the company, 21.2% of them were in commercial part, 25.0% of them were in quality control part, and finally, 23.1% of the participants were in manufacture part.

**Table 2:** Descriptive data on participants of different parts

Parts	Frequency	Percentage	Cumulative Percentage
Trade	64	30.8	30.8
Commercial	44	21.2	51.9
Quality control	52	25.00	76.9
Manufacture	48	23.1	100.00
Overall	208	100.00	-

### 2.3 Questionnaire

The questionnaire used in the present research was based upon a Likert range (very little, little, so-so, much, and very much). The questionnaire included two parts, i.e. general questions and sixparticular questions in order to find answers for the questions of this study. After analyzing the questionnaire, experts believed that the questionnaire is a valid tool to find answer for the research questions. Additionally, Cronbach's Alpha was calculated in order to make sure of reliability of the questionnaire. As the Cronbach's alpha was higher than 0.7 (0.83), the questionnaire was decided to be a reliable tool to find answers for the research questions.

### 2.4 Statistical analysis

Data analyses were performed by using descriptive analysis (calculation of frequency, percentage, mean values, standard deviation, median, and mode). The mean values were compared with each other to find the answers of the RQs. All the operations were performed in SPSS (version 22).

## 3. Findings

### RQ<sub>1</sub>: Does stock influence on sale promotion of Samsung Company in Iran?

The results obtained from evaluation of effect of stock are summarized in Table 3. According to this table, over 80% of the participants considered stock availability in Samsung Co. as an important factor to improve the sales figure of the company. To top it off, near 90% of the participants in the present study considered that supervision on distribution agents of Samsung Co. is an important factor for promotion of sale figure in the market. However, only 17.30% of the participants stated that supervision on product delivery time can be regarded as very important factor to increase sale figures in Samsung Co.

**Table 3:** Evaluation of the effect of stock

Questions		Very little	little	So-so	Much	Very much	Mean
Stock availability in the company	Frequency	0	4	32	94	78	4.18
	percentage	0	1.92	15.38	45.19	37.5	
Supervision on distribution agents of the company	Frequency	0	3	21	88	96	4.33
	percentage	0	1.44	10.09	42.30	46.15	
Supervision on product delivery time	Frequency	0	24	66	82	36	3.62
	percentage	0	11.53	31.73	39.42	17.30	
Stock	Mean	4.04					

### RQ<sub>2</sub>: Do Distribution channels influence on sale promotion of Samsung Company in Iran?

Table 4 summarizes the results acquired to answer the second RQ. According to this table, over 70% of the participants in the present study believed that sales offices in Samsung Co. are very important in increasing sale figures of the company in the market; however, around 20% of them believed that it has moderate effect to increase the sale of Samsung products. Approximately half of the participants in the present study believed that paying attention to distribution agents of Samsung Co. is very effective in increasing sale figures of this company. Furthermore, over 80% of the participants believed that having supervision on products delivery companies related to Samsung Co. is very important for sale promotion in the market.

**Table 4:** Evaluation of the effect of distribution channels

Questions		Very little	little	So-so	Much	Very much	Mean
Sales offices of the company	Frequency	2	11	42	81	72	4.01
	percentage	0.96	5.28	20.19	38.94	34.61	
Distribution agents of the company	Frequency	0	15	32	68	93	4.14
	percentage	0	7.21	15.38	32.69	44.71	
Supervision on products delivery companies	Frequency	0	7	31	103	67	4.10
	percentage	0	3.36	14.90	49.51	32.21	
Distribution channels	Mean	4.08					

On the basis of the results obtained from analysis of the data, there is a very slight difference in terms of importance of stock and distribution attributes on sale promotion of Samsung Co. participants in the present study believed that supervision on distribution agents of the company is the most important factor in order to elevate the sale of the company whereas they considered supervision on product delivery time as the least important factor in increasing the sale figures of the company. According to the results, it can be claimed that both stock and distribution channels are important in increasing sale of Samsung Co. and the company should pay attention to these two factors.

#### 4. Summary and Conclusions

The present investigation was formulated in order to assess distribution strategy on sale elevation of Samsung Company in Iran. The subordinate hypotheses of the research (i.e. stock and distribution channels) had more total mark than the assumed score (i.e. 3) and consequently, they were accepted to put forth helpful influences on sale promotion. Consistent with the findings of the present study, it is suggested to ponder the subsequent guidelines to elevate the sale:

- (1) Considering the distance from markets and finding solutions for ineffective and inefficient communications in distribution of the products;
- (2) Preparation and education courses for delivery mediators and valuation of their performance;
- (3) Gaining more knowledge on distribution system of target market and determination of fiscal resources, organization of qualified human force, and organization of facilities according to the relative regulations and available distribution channels;
- (4) Grading and rating distribution agents so as to create energy and cooperation amongst them;
- (5) Running controlling measures on distributors and grading distribution channels on this basis;
- (6) Recognition of various distribution channels such as chain stores, wholesale stores, retail stores, etc.;
- (7) Precise management on transport companies in order to provide more efficient services for customers;
- (8) Evaluation of inclusive distribution methods or specific agencies in given areas;
- (9) Preserving stock for management of market demand;
- (10) Completing distribution process and considering all agreements according to which activities will be performed (Chaharbalesh, 2007).

One of the most important factors to be considered during designing distribution systems is the amount of purchase by final consumer. Other important factors include decision making priorities of consumer and customer, geographical distribution of customers, location of delivery, type of product, economical justification of distribution method, and potential limitations. Future investigations are directed toward launching similar research in other home appliances and electronics companies and evaluation of effective factors on satisfaction and faithfulness of customers in other home appliances companies.

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