



The Influence of Marketing Strategy Elements on Market Share of Firms

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ABSTRACT

The business performance and economic profit of the firm can be summarized in market share. One of the most important aims of firms is to enhance market share to achieve greater scale in its operations and improve profitability. Due to this, managers always want to expand their market share. Market share responds to elements of marketing strategy and one of the important items that affect market share is elements of the marketing mix. The main purpose of this research is to study the marketing mix influences on market share of polymer sheets manufactures firms in Iran. The result of this study concluded that product strategy, promotion strategy, pricing strategy and place strategy are important elements to increase the market share. Thus, the sub-elements of each of the strategies such as product variety, product quality, after-sale service and product specification (referring to color or size) which are under product strategy; pricing, period of payment, offer of discounts, which are under the pricing strategy; attendance in trade fair, practicing direct marketing, hiring experience and educated sale staff, that come under promotion strategy; having safety stock, on-time delivery, and placing of the storeroom in place strategies which are under the place strategy is important sub-elements to be observed in increasing the share market.

Key words: Market share, Marketing Strategy, Marketing Mix, Polymer sheet Manufacture.

INTRODUCTION

The purposes of market share are prominent in many firms. The business performance and economic profit of the firm can be summarized in market share. One of the most important aims of firms is to enhance market share to achieve greater scale in its operations and improve profitability due to this the managers always want to expand their market share. Although, managers are sensitive to market share of firms but, the factors that effect on market share are still not clear and obvious for many of them (Fizebakhsh, 2002). The absent from theatrical guidance maybe cause to managers decided incorrectly. Market share responds to elements of marketing strategy (Weiss, 1968) and one of the important items that affects market share is marketing strategy and marketing mix. The ability of using the successful marketing strategies in market competition was critical for a company's performance (Baldauf, Cravens, & Wagner, 2000; Cooper & Kleinschmidt, 1985; Lages & Lages, 2004; Leonidou,

Katsikeas, & Samiee, 2002; Mavrogiannis, Bourlakis, Dawson, & Ness, 2008). Marketing strategy is a procedure by which companies react to situations of competitive market and forces of market or react to environment forces and internal forces to enable the firms to achieve its objective in the target market (Lee & Griffith, 2004; Slater, Hult, & Olson, 2010). Traditionally, marketing strategy is a plan for pursuing the firm's objective or how the company is going to obtain its marketing goals within a specific market segment (Kotler, 2010; Leonidou et al., 2002; Theodosiou & Leonidou, 2003; Walker, 2011). The main purpose of this research is to study the marketing mix influences on market share of polymer sheets manufactures firms in Iran. To avoid incorrect decision for increasing the market share, we used the marketing mix consists of products, prices, promotion, and distribution to find which elements increase market share of polymer sheets manufactures firms. This result enables managers to be smarter to attention the variable that enhanced market share of their firms.

LITERATURE REVIEW ABOUT MARKETING STRATEGY ELEMENTS

Firms seek competitive advantage and synergy through a well-integrated program of marketing mix elements (Walker, 2011). Brodrechtova, (2008) explained that marketing strategy is a roadmap of how a firm assigns its resource and relates to its environment and achieves a corporate objective in order to generate economic value and keep the firm ahead of its competitors. The marketing strategies have a major impact upon the efficiency and cost structure of an enterprise. In the international marketing research, scholars have applied several dimensions to indicate marketing strategy as export marketing strategy, export strategy or business strategy. However, all of these dimensions based on marketing mix, and some scholars add few variables in order to make it more meaningful (Adis, 2010; 2010). Slater et al., (2010); Brodrechtova, (2008); Mavrogiannis, et al., (2008); Calantone et al., (2006); Lee and Griffith (2004); Langes and Montgomery, (2004); Kotler, (2003); Leonidou, et al., (2002); Thirkell and Dau, (1998) explained that generally, the concept of marketing strategy extensively embraces marketing mix elements, which consists of product, price, distribution and promotion.

PRODUCT MARKETING STRATEGY

Product dimensions are an important part of a marketing mix. Leonidou, et al., (2002) have studied about marketing strategy: a meta-analysis concerning previous studies. They synthesized empirical studies about marketing strategy and concluded that product design, brand mix (name, sign, symbol, design), warranty, customer service as pre- and after-sales services, and product advantages (such as luxury, prestige, and quality) are variable of product marketing strategy. Tantong, *et al.*, (2010) found that product design adaptation strategy was related to firm performance positively. In the same vein, Cavusgil and Zou, (1994) Lee and Griffith, (2004) noted that better firm performance can be obtained via adapting the product to meet requirements of export customers. Lages et al., (2004) has studied showed that product quality and service quality was the one of the main determinants. Design, brand image, innovation and product differentiation was found as other determinants. This outcome is the same as previous findings obtained by some researchers. Morgan et al., (2004); Beamish, et al., (1993); Dominguez and Sequeira, (1997) revealed that product qualities was determinant of a share market. Thirkell and Dau, (1998) found that quality and service had significant and positive correlate with firm performance. Also Lages et al., (2009) investigated a relationship on capabilities, quality, and innovation via a questionnaire through two types of respondents from the same Portuguese firm. They noted that product quality and product innovation were recognized by academics and managers as top determinants and product innovation and product quality led to firm performance enhancement. Haque et al., (2002) in the study about export performance and marketing opportunities of Malaysian ready-made garment products concluded that diversification of products is very important. Finally, Fizebakhsh, (2002) focus on a marketing mix revealed that existence guaranty for

product quality, brand popularity, diversification of product, packaging and amount or volume of product production were effective factors that influenced the market share. Lages et al., (2009) describe that only product innovation had a positive effect on economic performance of firm, and so they emphasized that in today's international markets, in which major role is played by product innovation to increase economic performance. Thus, the hypotheses are set forth as follows:

H1.1. The quality of products influence on increasing the market share?

H1.2. The after sale service influence on increasing the market share?

H1.3. The specification of product influence on increasing the market share?

H1.4. The packaging of product influence on increasing the market share?

H1.5. The variety of product influence on increasing the market share?

PROMOTION MARKETING STRATEGY

Promotion is one of the marketing mix that many researchers assessed its relationship with a market share to find whether sound promotion would increase sales and profit. Promotion is relatively effective to the campaigns of competitors (Thirkell & Dau, 1998). From all dimensions of the marketing mix, the most widely researched was advertising that examined advertising procedure the company can inform, introduce, remind or encourage consumer and, therefore, generated more sale and enhance profit (Leonidou et al., 2002). The importance of advertising on export performance is recognized from higher sales of firms that used sound advertising. the firms which have a greater commitment to their target market use higher level of advertising rather than firms who have less commitment that used low level of advertising (Lee & Griffith, 2004). Eusebio et al., (2007) investigated management perception and marketing strategy in export performance via comparative analysis in Italian and Spanish textile industry. The questionnaire was used to collect data. The outcome showed that the commercial branch is one important element in promotion strategy. Leonidou et al., (2002) studied about marketing strategy: a meta-analysis concerning previous studies. In the review of studies, they divided the promotion-related variable to advertising, sale promotion, individual selling, trade fairs, individual visit, and promotion adaptation. Sales promotion, including coupons, samples, premiums, and other promotional tools is useful in low income economies or market with advertising restrictions and high competition. Personal selling is used in markets that have restrictions on advertising or the cost of managing a sale force is low. Trade fair improves market share because sale potential of a specific export market to be tested, new firm for distribution or other collaboration in a foreign market to be found, and it can use for market research purpose. Personal visit can increase market share because it enhances an experience about problem or opportunities, personalizes relationship, increases communication, and provides a timely response. A study by Nassimbeni, (2001) about Italian exporters showed that instead of non-exporter, exporter companies tend to use

commercial intermediaries such as commercial agency and firms in an export market. Finally, Fizebakhsh, (2002) in his study about investigation effective factors on a marketing mix revealed attendance in fair, send catalog, advertising on the internet, journals, and TV channel, direct marketing, give an agency to foreign firms, having an international seal manager would increase export performance. On another hand, Eusebio et al., (2007) investigated that more investment in promotional activity did not show the significant effect on market share. Thus, drawing from these remarks the following hypotheses are suggested:

H2.1. the Attendance in trade fair influence on increasing the market share?

H2.2. Advertising in journals and TV channels influence on increasing the market share?

H2.3. the practicing direct marketing influences on increasing the market shares?

H2.4. Hiring experience and educated sales staff influence on increasing the market shares?

PLACE MARKETING STRATEGY

In recent days active and advanced exporters have more control on distribution activities, as well as the time of delivery of the product, and distribution channel (Eusebio et al., 2007). Today, availability and on-time delivery are very important and firm with better distribution method are more successful in an international market. In a competition environment in market and similarity of the firm in services, the place strategy is a good strategy for differentiation. Griffith (2004) explained that exporter channel strategy was imagined as the degree to which a firm applied direct instead of indirect channels for sale its products. Lages et al., (2004) revealed that distribution network/availability was important variable in place marketing strategy. This result previously obtained by Ambler, (2000) and Ogunmokun, (2004) that found distribution channel relationship had a positive effect on market share. Leonidou et al., (2002) have studied about marketing strategy: a meta-analysis with refer to previous study. They concluded that dealer support is very important. Finally, Fizebakhsh, (2002) in his study about the impressive factors on a marketing mix, revealed that on-time delivery, sufficient seaport, having safety stock in export market, transportation costs in seaport, seaway and road for delivery of product were effective factors for export performance. These explanations justify the following hypothesis:

H3.1. The on time delivery influence on increasing the market shares?

H3.2. The placing of storeroom influence on increasing the market shares?

H3.3. The having safety stock, influence on increasing the market shares?

PRICE MARKETING STRATEGY

In recent years, changes in the international market have made pricing strategy increasingly significant for research and practice (Lages & Montgomery, 2005). Price is another part of a marketing mix that many researchers assessed in

their study as one of the important items in market share increasing. Many firms follow the Porter's business strategies in an export market to compare with their rivals but Lee and Griffith (2004) and Aulakh, (2000) noted that in today's competitive market, focusing only on the decrease of manufacturing costs may not any more can cause the company's success in export-driven economies. Furthermore, Eusebio, et al., (2007) emphasized that price is no more a dominant strategy for companies in the market. Zou et al., (2003), investigated the effect of marketing capabilities on export performance via the questionnaire answered by Chinese's exporter and concluded that low-cost advantage had positive relation with a share market. Lages et al., (2004) studied based on perception of Portuguese, and British managers describe that price competitiveness is one of the main elements in market share. In the same vein, Lee and Griffith, (2004) in their study about the marketing strategy in Korea concluded that adjustment of prices to market situation have positive influence on the market share and adaption of pricing strategy would increase the market share. Pricing method defended as a market based pricing strategy that whereby the company sets export prices with demand of consumer and competitive condition. The pricing method has positive relation with proportion of sales and profit level. Pricing strategy concentrated to penetrate a market by offering low price to a large number of customers and obtain more market shares. The price adaption that many study evaluated have strong positive correlations with a market share. Ogunmokun and Ng, (2004) in their research about Australian firms concluded that market skimming pricing strategy was the second major factor in discriminating between high and low export performing companies. Leonidas et al., (2002) investigated marketing strategy determinants and categorized price strategy to pricing method, pricing strategy, sales terms, credit policy, and currency strategy and price adaption. Eusebio, et al., (2007) found that confidence in product price had positive effect on firm performance. To ability for computing in market most of firms should change their marketing mix and price strategy (Zarin Negar, 2009). Finally, Fizebakhsh, (2002) in his study about investigation effective factors of marketing mix are the period of pay, asking for pay cash, discount offering, adapting price with international price, lowering price. Hence, base on foregoing remarks following hypothesis is developed.

H4.1. The price of products influence on increasing the market shares?

H4.2. The period of payment influence on increasing the market shares?

H4.3. The offer of discounts influence on increasing the market shares?

RESEARCH METHODOLOGY

The research sample consists of sheets manufacturing firms in Iran. The sample of the firm was provided by The Industrial Ministry. The data to evaluate a hypothesis were obtained through questionnaires sent to the managing directors or sale managers of 95 sheets manufacturing firms. Before sending the questionnaire, each sale manager or

managing directors was contacted by telephone or email in order to get their cooperation to be included in this study. The questionnaires were sent to these companies and only 62 questionnaires were returned, which made 64 % response rate. Incomplete questionnaires were removed and finally; 59 questionnaires were used for data analysis. The respondents were the sale managers and CEOs. In ensuring the respondents were in the position to answer the questionnaires; a control question was introduced; asking for the respondents' current position. The respondents' working experience ranged from 2 to 10 years, with an average of 3.2 years. The number of employment among the firms ranged from 50 to 300 employees. The survey procedure began with a pre-tested questionnaire. After that, the questionnaire was fully developed, and a pilot study was carried out with small sample of companies. All Coefficient Alphas exceed the 0.70 cut-off point that showed the ability of distributing a questionnaire. To ensure content validity of measures, the questionnaire was prepared after being reviewed by four professors in the areas of marketing and six company sale managers. The first part of the questionnaire consisted of descriptive information such as the data related to respondents, such as respondents' experience and demographic information of companies. The second part asked about determinants of market share base on a five-point Likert-type scale ranging from 1- to 5.

RESULT

The one-sample T test was used to test the influence of marketing strategy on market share. In product strategy elements, the following hypotheses are evaluated. *H.1.1* indicates the influence of quality of products on increasing the market share. *H.1.1* was confirmed (Mean > 3; P-value < 0.05). *H.1.2* evaluated the influence of after-sale service on increasing the market share. *H.1.2* was accepted (Mean > 3; P-value < 0.05). *H.1.3* indicates the influence of specification of product on increasing the market share. *H.1.3* was confirmed (Mean > 3; P-value < 0.05). *H.1.4* suggested the influence of the packaging of product on increasing the market share. *H.1.4* was rejected (Mean < 3; P-value > 0.05). *H.1.5* suggested the influence of the variety of product on increasing the market share. The result supported *H.1.5*. (Mean > 3; P-value < 0.05). In promotion strategy elements, the following hypotheses are evaluated. *H.2.1* suggested the influence of the attendance in trade fair on increasing the market share. The result supported *H.2.1* (Mean > 3; P-value < 0.05). *H.2.2* mentioned the influence of the advertising in journals and TV channels on increasing the market share. The results rejected *H.2.2*. (Mean < 3; P-value < 0.05). *H.2.3* evaluated the influence of the practicing direct marketing on increasing the market share. The result supported *H.2.3*. (Mean > 3; P-value < 0.05). *H.2.4* evaluated the influence of the hiring experience and educated sales staff on increasing the market share. The result confirmed *H.2.4*. (Mean > 3; P-value < 0.05). In place strategy elements the following hypotheses are evaluated. *H.3.1* suggested the influence of the on-time delivery on increasing the market share. The result supported *H.3.1*. (Mean > 3; P-value < 0.05). *H.3.2* tested the influence of the placing of a storeroom on increasing the market share. The result approved *H.3.2*.

(Mean > 3; P-value < 0.05). *H.3.3* evaluated the influence of the having safety stock on increasing the market share. The *H.3.3* was accepted (Mean > 3; P-value < 0.05). In pricing strategy elements the following hypotheses are evaluated. *H.4.1* suggested the influence the price of the products on increasing the market share. The result approved *H.4.1*. (Mean > 3; P-value < 0.05). *H.4.2* evaluated the influence of the period of payment on increasing the market share. The *H.4.2* was accepted (Mean > 3; P-value < 0.05). *H.4.3* evaluated the influence of the offer discounts on increasing the market share. The *H.4.3* was confirmed (Mean > 3; P-value < 0.05).

CONCLUSION AND RECOMMENDATION

With the recent progressive development in the petrochemical industry, some industry players such as polymer sheet manufacturers have improved in size and in the competition market. In the competitive environment of the market share, it is very important for a firm to be looking forward to the determinants of market share. The central theme of this research was to explore the factors that influence market share. The findings suggested that marketing strategy consist of product, price, promotion, and place strategies influence market share. In the product strategy quality, variety, sale service and product specification increased market share but packaging of product did not influence on market share. These findings show that firms need to manufacture a product with better quality, and this issue requires more attention in this competitive market. One of the important items in quality is the material of products that has the significant impact on quality of products. As noted by market needs different kinds of product with special specification in size, color, cover and thickness. Customers need after-sale service and information, especially about applying this kind of product for different production. So, managers who want to increase market share need to improve quality, introduce new product or variety of goods, apply the customer request specification in size and color, and hiring the specialized staff for after-sale service. According to analysis pricing, period of payment, offer of discounts, which are under the pricing strategy increase market share. Companies need to decrease their cost to offer better price to customers due to the first important item for buyers, which is price of goods. In order to differentiate the price, one of Porter generic strategy is applied by many companies in their attempt to obtain these capabilities. In addition, period of payment and discount offering provide more value for buyers. Sometimes customers decide to buy more expensive product of a long term period of payments that show the value of a period of payment. The study identified promotion strategy that consists of attending the trade fair, practicing direct marketing, hiring experience and educated sale staff enhances the market share but advertising in journals, and TV channels do not have influence on market share. Companies spend a lot of money for advertising due to the importance of promotion and although increases the cost, it will bring more benefit reasonably. Attending a trade fair provides the environment that customers and managers can discuss easily, and firm have opportunities to advertise face

to face and meet experts. The experience and educated sale staff suggested the marketing plan for advertising and used their experience in increasing the share market. Although the educated staff increases the cost of firms, they can improve the benefits of firms, which finally make the cost look reasonable. Uneducated staff may not be able to suggest the plan, identify the problems of sale, manage the procedure of sale, and provide a system in selling. Having safety stock, on-time delivery, and placing of a storeroom in place strategies which are under the place strategy is important sub-elements to be observed in increasing the share market. In competitive market, some of company's service more with on-time delivery or safety stock. Buyers want to obtain their requested on time and prefer the products that are readily available. The place of a storeroom increase the cost delivery

for customers, so, firms should decrease this cost by having the nearest storeroom. Finally, this research mentioned some of the important factors that managers needed to give more attention to enhance the market share of companies.

LIMITATION AND DIRECTION FOR FUTURE RESEARCH

The research has limitations. It was carried out on sheets manufacturing firms operating in Iran only. Thus, the results cannot be generalized to fit all firms. More researches will be needed in different areas and industries to gain better understanding the determinants of market share. The future researches are required to evaluate other elements of market share.

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