

## How In-store Marketing Affects Purchase and Salesman's Recommendation Rate in Telecom Retail Stores

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**ABSTRACT:** The authors study in-store marketing for telecom retail stores in GSM sector in Turkey which handset manufacturers practice special application in stores for increasing purchasing and improving suggestion rates of their products. They develop a theoretical model of dealers, and manufacturers behavior based on observations about key aspects of the mobile phone market. The analysis provides important insights about in-store marketing and their applications. For example, owner of the store and salesmen would like to support in-store marketing applications of manufacturers in spite of operators's in-store rules. The authors find empirical support when they test the theoretical results.

**Keywords:** In-store marketing; Recommendation rate; Retail Marketing; Trade marketing; Wireless Industry

**JEL Classifications:** M3; M37

### 1. Introduction

In Turkey's wireless industry, there are three mobile operators and they have two different types of store. One is an exclusive retail store and the other is a multibranded store. Exclusive stores are managed by operators and owner is only an investor. Operators' products, mobile phones and accessories are sold, and there is a competition in stores to take a good positioning among those products. Operators are only companies which have the right to sign the exclusivity agreement with dealers, because of decisions of Turkish Competition Authority that only one company can be sign an exclusivity agreement with other company in GSM sector. According to this decision, operators manage all their exclusive retail stores and they give their dealers more bonus compare to manufacturers. Because of these, dealers has to obey operators' rules. So operators easily manage and control retail marketing activities in these stores. On the other hand, manufacturers make an agreement with operators to use those stores for in-store marketing activities for a short term.

In electronic chains such as Media Saturn, Electroworld, Best Buy, there is a hard competition among manufacturers for retail marketing activities. Manufacturers pay lots of money or free of charge products for in-store activities. Chains are more easy to implement retail marketing applications for manufacturers.

The purpose of this paper is to understand how effective retail marketing is in stores of mobile retail stores that owner of the store buy more handsets than normal conditions. Secondly, to understand what kind of in-store marketing tools should be implemented for marketing at those retails to affect salesman in order to suggest end-users and shoppers.

### 2. Literature Review

Researches show that most customers make a buying decision in the store. It means that most buying products are bought in unplanned process (Akyuz and Ayyildiz, 2008). Based on this, marketers focus how they can affect customers in store in order to buy products, and we search how marketers' studies work for purchasing and recommending rate.

We have measure of exposure to retail marketing. When we investigate cigarette sector, there are four different measures of exposure to retail cigarette marketing. These measures are: (a) shopping frequency in types of stores known to carry more cigarette advertising than other store types, (b)

shopping frequency in specific stores that sell cigarettes in the study community, (c) the amount of exposure to cigarette brand impressions in stores where students shopped, and (d) perceived exposure to cigarette advertising (Feighery et al., 2006). Most stores selling tobacco (92%) in school neighborhoods have some form of tobacco advertising (Terry-McElrath et al., 2002), stores close to schools have more exterior tobacco advertising than stores that are farther away (Pucci, Joseph, & Siegel, 1998; Rogers et al., 1995), and stores where adolescents shop frequently contain more tobacco marketing than other stores in the same community (Henriksen et al., 2004). According to this, we can develop connection between quantity of purchased products and quantity of shoppers' visiting. For our model, purchasing quantity can be an indicator for good in-store marketing.

We mentioned the effect of retail store environment variables on consumer impulse buying behavior. The first effect relates to the informative function of in-store POP posters (i.e., promoting discounts and cheaper prices). This can also be termed as the *promotional* effect. The second effect deals with the atmosphere engagement (i.e., enjoyment, modern, and attractiveness) conveyed by in-store POP posters. This can also be referred to as the *atmospheric* effect (Zhou and Wong, 2003). We can see in cigarette sector that to assess the extent to which point-of purchase (POP) cigarette displays stimulate impulse purchases. Knowing whether cigarette pack displays are as powerful cues to smoke as the cigarette advertisements they either complement or replace is essential to develop effective regulations for retail tobacco marketing (Wakefield et al., 2007). In our model we only focus what kind of applications create atmospheric effect in owners's mind and salesmen's mind. Several marketing efforts, including commercial advertisement, induce customers to shop their store and the salesman has the most interaction with a customer and may be one of the most important influential tools in stores (Jin and Hong, 2004). Manufacturers in Turkey spend large amounts of money on their brands marketing for consumers, with the aim of increasing awareness, trial usage, and ultimately market share. Hence, manufacturers need information on the effectiveness of in-store stimuli and the extent to which they influence consumer purchasing behavior. We try to understand in-store stimuli how affects dealers to purchase and sell more products from brands which applies good in-store marketing. Secondly, we need to understand the importance of the informative and experiential roles of in-store applications in retailing settings.

Another factor in retail marketing is salesman. Salesman factors affect the performance of retail marketing. Individual performance strongly affects the corporate performance. Results show that personal factors strongly affect personnel performance. Although corporate factors have an indirect and weak effect on personnel performance and environmental factors do not appear to have any direct effect on personnel performance (Yener and Kurt, 2008). Marketing is based on the establishment and maintenance of continuous relations between shopper and salesman as a source of mutual benefits. *Social benefits* refer to the personal bonds established between customers and employees and include a sense of belonging, empathy, understanding, feelings of familiarity, and even friendship (Gil-Saura and Ruiz-Molina, 2009). We need to know that in-store marketing how affects salesman to recommend and sell products to customers. If in-store marketing applications help salesman to increase his performance, the quantity of sold products will increase in store.

### **3. Hypotheses and Methodologies**

We test four hypotheses that come from our assumptions. In our assumptions, in-store marketing applications affect not only shoppers but also owner of the store, so we would like to find how owners are affected by in-store marketing of manufacturers in order to purchase products.

*H1: If manufacturer apply in-store marketing, owners are more willing to purchase and sell more specific brand handsets.*

*H1a: There is a relationship between in-store marketing applications and products which is suggested to end-users first.*

*H1b: There is a relationship between in-store marketing applications and responsible of procurement.*

*H1c: There is a relationship between succesful in-store marketing applications and more product trade.*

Secondly, one of the retail marketing aim is to influence floorsalesman to offer a specific brand to customers.

*H2: Floorsalesmen are affected by in-store marketing applications to recommend a specific brand more than others to customers.*

*H2a: There is a relationship between in-store marketing applications and products which is suggested to end-users first.*

*H2b: There is a relationship between succesful in-store marketing applications and more product trade.*

There are many applications oppurtinities for manufacturers for in-store marketing. Investments are decided based on those applications but we don't know what kind of applications are preferred by the owner and staffs and how many different applications are useful to be implemented in their stores.

*H3: The most important three retail marketing applications which are preferred by the owner and staffs of store are related to products.*

Lastly, we would like to understand how operators's in-store rules affect dealers and salesmen point of view about in-store marketing.

*H4: Dealers would like manufacturers to implement in-store marketing applications in their stores in spite of in-store rules of operators.*

In order to further explore in-store marketing, a questionnaire was developed. The sample consisted of 529 owners and 511 floorsalesmen who have been in sector more than six months. Those who answered the questionnaire selected from exclusive and nonexclusive dealers in Turkey from all operators based on their market share on the field. Before getting answers, the questionnaire were tested as a pretest. Pretest results indicated that the items used in the final test instrument were reliable. We use ANOVA, Non parametric one sample test, T test and chi square to prove hypotheses.

#### **4. Results**

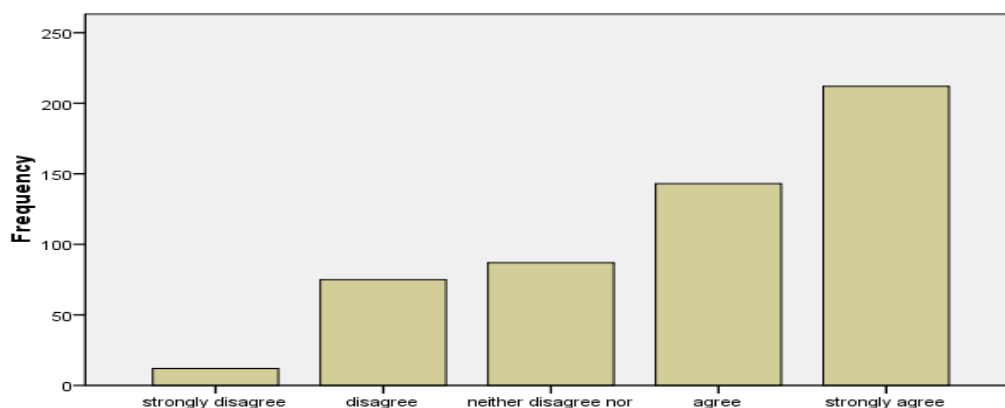
The results of our analysis for our first hypothesis which is H1: If manufacturer apply in-store marketing, owners are more willing to buy and sell more specific brand handsets, and its sub hypotheses appear in tables and charts below.

**Table 1.** If a manufacturer increases its retail marketing applications in your stores, you would buy and sell more handsets from that brand

N	Valid	529
	Missing	1
	Mean	3,88
	Median	4,00
	Std. Deviation	1,151
	Skewness	-,693
	Std. Error of Skewness	,106
	Minimum	1
	Maximum	5

**Chart 1.**

**If a manufacturer increases its retail marketing applications in your stores, you would buy and sell more handsets from that brand**



**If a manufacturer increases its retail marketing applications in your stores, you would buy and sell more handsets from that brand**

Our sub hypotheses were analyzed by chi square method to find relationships and we found that there is a positive relationship in our H1a ( $\chi^2= 122,051$   $p=0,000^*$ ), H1b ( $\chi^2= 27,738$   $p=0,006^*$ ), and H1c ( $\chi^2= 113,592$   $p=0,000^*$ ).

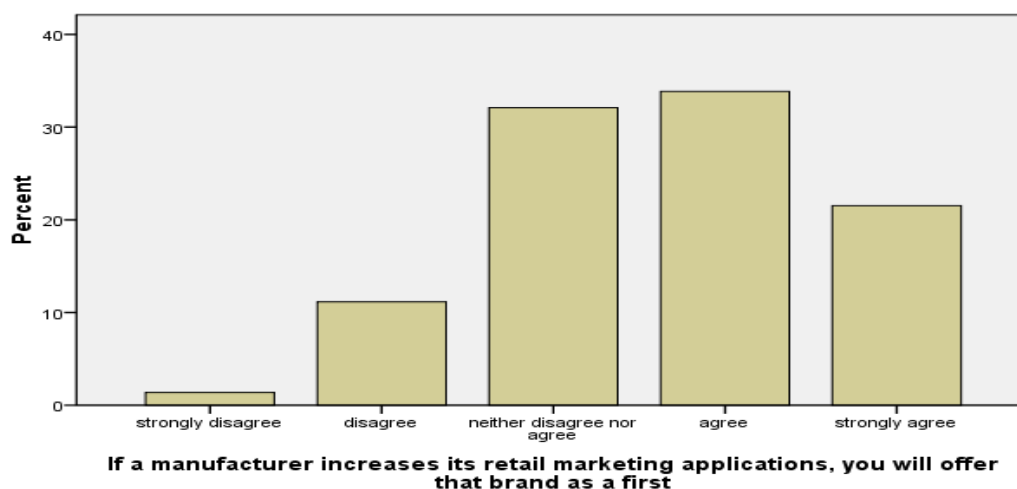
When we look results, our first hypothesis and its sub hypotheses can not be rejected. We test our second hypothesis which is H2: Floorsalesmen are affected by in-store marketing applications to recommend a specific brand more than others to customers, and its sub hypotheses. Results appear below.

**Table 2.** If a manufacturer increases its retail marketing applications, you will offer that brand as a first

N	Valid	511
	Missing	0
	Mean	3,63
	Median	4,00
	Std. Deviation	,985
	Skewness	-,255
	Std. Error of Skewness	,108
	Minimum	1
	Maximum	5
	Percentiles	25
50		4,00
75		4,00

Chart 2.

**If a manufacturer increases its retail marketing applications, you will offer that brand as a first**



Our sub hypotheses analyzed by chi square method and results show us there is a positive relationship for them. Results are for H2a ( $\chi^2= 91,476$   $p=0,000^*$ ), and H2b ( $\chi^2= 57,139$   $p=0,000^*$ ). Our second hypothesis and its sub hypotheses can not be rejected.

We analyze our third hypothesis which is H3: The most important three retail marketing applications which are preferred by the owner and staffs of store are related to products, and ranking is shown by tables below. Tables show that ranking of dummy, live dummy, and experience zone is higher than others. These three of them are related to mobile devices. For instance, dummy is used to show physical features of handsets, live dummy is used to show what kind of applications or software are used in handsets, and experience zone is an area in stores where shoppers use handsets in order to test.

**Table 3a. Ranks**

Applications	Mean Rank
Dummy	6,37
Livedummy	7,62
Poster	2,60
Insert	3,84
Window branding	3,76
Experienceszone	5,80
Glassedstand	4,43
Others	1,58

**Table 3b. Test Statistics<sup>a</sup>**

N	508
Chi-Square	2373,984
df	7
Asymp. Sig.	,000

a. Friedman Test

**Table 3c. Ranks**

Applications	Mean Rank
Dummy	6,45
Livedummy	7,46
Poster	2,07
Insert	3,56
Windowbranding	3,87
Experienceszone	6,00
Glassedstand	4,56
Others	2,04

**Table 3d. Test Statistics<sup>a</sup>**

N	473
Chi-Square	2207,660
df	7
Asymp. Sig.	,000

a. Friedman Test

We test our fourth hypothesis which is H4: Dealers would like manufacturers to implement in-store marketing applications in their stores in spite of in-store rules of operators, and we see that dealers and their staff are willing to support in-store marketing applications in their stores. Below tables show results for owners and salesmen.

**Table 4a. One-Sample Statistics**

salesman	N	Mean	Std. Deviation	Std. Error Mean
How do you support these applications in spite of operators' rules	529	3,76	,908	,039

**Table 4b. One-Sample Test**

salesman	Test Value = 3			
	t	df	Sig. (2-tailed)	Mean Difference
How do you support these applications in spite of operators' rules	19,342	528	,000	,764

**Table 4c. One-Sample Statistics**

owner	N	Mean	Std. Deviation	Std. Error Mean
How do you support these applications in spite of operators' rules	510	3,77	1,033	,046

**Table 4d. One-Sample Test**

owner	Test Value = 3			
	t	df	Sig. (2-tailed)	Mean Difference
How do you support these applications in spite of operators' rules	16,933	509	,000	,775

#### 4. Conclusion

Beginning with observations about key aspects of the wireless industry, we develop and analyze hypotheses that enables us to capture these aspects easily. Our results provide several notable insights. Perhaps the most general insight is that in-store marketing can be used to influence not only shoppers but also owner of the stores and their salesmen. When in-store marketing applications is used, our hypotheses show that the increase in current sales can be done. We also find that salesmen can be affected by in- store marketing application, when they recommend products to customers. Their primary recommended brand can be changed based on well-done applications.

Our samples data come from three operators' dealers and most of the owners and salespersons support manufacturers' retail marketing in spite of operators' rules. It means that operator's products and manufacturer's products have to be displayed and sold together. According to this, manufacturers and operators should cooperate in order to be succeed. For manufacturers, they should know and understand operators' strategies and they have to support by their products in stores.

Many different types of application are designed for in-store marketing. However some of them are not accepted by owners and salesmen. Our analysis shows that applications, which are related to handsets, are accepted by them. Handsets pull customer into stores to explore products. Manufacturers should support stores with live samples because the ranking of live samples is higher than others. It can be more costly for manufacturers. The way we suggest that store mapping and segmentation should be done to analyze store performance and their customer profile. Secondly, not only operators but also distributors should involve handset applications in stores. Last but not least, samples can be used in incentive programs and performance programs of dealers by manufacturers.

In addition that we have some limitations. First, this study were made only to understand how in-store marketing affects purchasing and salesmen recommendation rate. However we analyze perceptions of owners and salesmen. There is no any data to measure sales. Secondly, for getting surveys, one of the manufacturers' field force was used. Participants might feel answers to be close this manufacturer. We acknowledge that there may be other possible explanations for why in-store marketing is implemented in order to affect sales. However, we believe that our model and empirical evidence provide a deeper understanding of why we observe manufacturers use in-store marketing for sales.

#### Acknowledgements

The author would like to thank Prof. A. Mete Cilingirturk for his helpful comments during this study.

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