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A Comparative Study of Consumer Attitudes in Iran and Dubai towards Marketing Mix Elements For Small Home Appliances

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A COMPARATIVE STUDY OF CONSUMER ATTITUDES IN IRAN AND DUBAI TOWARDS MARKETING MIX ELEMENTS FOR SMALL HOME APPLIANCES

Strictly as per the compliance and regulations of:



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1. INTRODUCTION

The world is becoming more global and companies are trying to use the opportunities of international markets for their benefit. As global wealth is increasing companies face significant demand growth from international markets. Over the last two decades business has become more globalized, now 98% of the fortunes 500 have global operations (Cateora et al., 2009). Thus, the concept of international marketing is now of greater interest to both academic researchers and marketing practitioners. International marketing is a performance of business activities designed to plan, price, promote, and direct the flow of a company's goods and services to consumers or users in more than one nation for a profit (Cateora et al., 2009).

Companies decide to enter foreign markets will examine various entry mode strategies, exporting, licensing, joint ventures or direct investment, and chose and adapt the one that best suits their long-term corporate strategies. However, many scholars mention that exporting is the most appropriate entry mode strategy for small and medium size (SMEs) firms (Hultman, Robson, & Katsikeas, 2009; Leonidou et al., 2007; Katsikeas et al., 2007). According to Johansson

(2009), exporting is the standard exchange of product for money; it is less risky and more straightforward, since it is an expansion into a new market with an existing line of final products.

Dubai market is very intimidating for most of Iranian based companies, as it comprises one of the largest consumer markets in the world today with Muslim consumers who have considerable purchasing power around the region. In recent years the government of United Arab Emirates has decided to diversify their economy, thus they open doors to internationalization and being global. This region also has close neighbors with deep pocket. The great advantage of Dubai seems to be its location that is highly proper for arranging re-exports activities to neighborhood countries" (Johansson, 2009).

Although exporting seems to be a simple straightforward way of expansion into Dubai market, there exist great differences in customer attitudes and preferences from domestic market (Iran) to that of the exporting country (Dubai). This makes decision making about designing an appropriate marketing mix suitable for the Dubai market more complex. There is a lack of scientific research in this area as notice by researches. This study, thus explores to find out differences among customer attitudes of the two countries toward marketing mix elements, Product, Price, Place, and Promotion focusing on small home appliance product category. Although this specific product category was chosen due to the researches expertise and knowledge working in this field the novel findings of this study are highly applicable for other products categories.

The rest of this paper organized as follows. In Section 2 an extensive review of literature is presented to explore recent methodologies and techniques used in this related area. Selected methodology for analyzing the data gathered is presented in Section 3. The result of the survey is thoroughly defined and the detailed statistical analysis is explained in Section 4. Finally Section 5 discusses the research findings and recommend interesting topics for future research in this domain.

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II. LITERATURE REVIEW

The extensive review of the literature in the area of marketing mix design, export strategies, and international consumer behavior leads to a better understanding of the current concerns regarding the

problem issue of this study, exploring consumer attitudes in different countries towards marketing mix elements. The recent related studies as noticed by the researchers are summarized in Table 1.

Table 1 : Recent Studies

Study	Methodology	Industry	Main results
Colton et al., 2010	E		Brand strength and supplier relations are mediator between foreign market and firm performance.
Griffith, 2010	T	Literature review	Consider that designing a global marketing strategy to operate in international markets is fundamental for succeeding overseas.
Brouthers et al., 2009	E	Small size exporting firms from Greece and Caribbean countries	Emphasis is on international sale that results in superior export performance and strong distribution network for small firms.
Lages et al., 2009	E	Multi-industry firms; exclude service firms	Findings reveal strong link between the capabilities that influence product strategy and export performance, moreover the role of product quality in international marketing success being highlighted in this study.
Calantone et al., 2006	E	Large exporting firm in US, Korea, Japan such as Daewoo, Samsung, Hyundai	Product adaptation strategy is positively influencing the export performance.
Katsikea et al., 2005	T	Small and Medium-sized U.K. exporting firms	Examine the influencing factor for arranging the firms' adaptation according to market diversification or market concentration. Export manager behavior, export sales control, export sale satisfaction were identified as the main factors.
O'Cass and Julian, 2003	E	Agriculture, mining, metal-working, Electronic, services chemical,	Environmental characteristics have influence on both export and marketing mix strategy adaptation. Besides, adaptation or standardization of marketing mix has no impact on marketing performance.
Cadogan et al., 2002	T	Exporting firms randomly selected	Export experience and capability coordination positively related to export market oriented activities which itself positively associated with aspect of export performance.
Leonidou et al., 2002	E	Food, beverages, And clothing to electronics, semiconductors, and Machine tools	Identify the determinants of the firm's export success and have found a great variety of antecedents but not significant relationships among them.
Albaum and Tse, 2001	E	Exporting firms in Hong Kong.	Marketing mix component are the main influencer on firm export performance success.

(E: empirical, T: theoretical)

This study is based on the premise that the main aspect of marketing strategy is marketing mix issue and its 4ps elements, Product, Price, Place and Promotion. Through the use of the marketing mix, researchers have been able to realize how changes in

marketing mix variables influence the firm's ability to increase overall performance (Katsikeas et al., 2006; Lages et al., 2008). Thus, the review of the literature is classified based on the related studies for each element of the marketing mix as follows.

As Griffith (2010) stated product strategy is the adaptation of the product or service of the international firm according to the customer tastes, product quality or safety standards. The differentiation advantage of a firm compare to the other competitors in new market may result from better quality and reliability, more durability, better service, have superior design or better performance (Terpstra and Sarathy, 2000). Many scholars found positive relation between product qualities and export performance (Leonidou et al., 2002; Lages and Lages 2005). Another factor, which is important in the product category offered to customer, is pre/post service. Many scholars found positive relation between well-arranged product service and performance enhancement in international market (Czinkota and Johnston, 1981; Lalonde and Czinkota, 1981; Marr, 1987; Piercy, 1981; Leonidou et al., 2002). Leonidou et al., (2002) claimed that there is a positive relation between the brand of the product with export performance and profit.

According to Theodosiou and Katsikeas (2001) pricing strategy is the adaptation or standardization of international pricing for firm product or service, which is highly influenced by similarity between home and host countries in terms of customer characteristics, legal environment, economic conditions and stage of the product life cycle. Griffith (2010) stated that the firms can response strictly toward changing market conditions, competitive situations, and environmental forces, by choosing an appropriate pricing strategy, which is totally under control of the organization. Although Bilkey and Warren (1985) found that high price results in high profit for the firm, Cavusgil and Zou (1994) found no specific relation between these two issues.

O' cass and Julian (2003) investigated that strong and well arranged distribution channel is an essential factor for participating in foreign market and being successful in new competitive market. According to Griffith (2010) structuring and governing the global distribution element of the firm increase the firm ability to compete in the market. Brady and Bearden (1979) claimed that within direct channels firms could provide a high level of control.

The last but not the least element of marketing mix is promotion. Griffith (2010) dedicated those differences in fundamental elements increase the importance and necessity of firm's promotional adaptation in order to meet the needs and requirements of the market segmentation. It is necessary for the firms to identify their main promotional elements according to new market environment characteristics and to try to go through adaptation or standardization. Most of the marketers believe that the advertising is the main elements of promotion strategy but its relation with firm performance face contradictions. However, Bilkey and

Warren (1982) found negative relation, Kirpalani and Macintosh (1980); Szymanski et al., (1993) found positive relations between advertising and firm performance. According to Cavusgil & Zou, (1994) this contradiction roots in the time-bound of advertising. In the short time on the account of high cost and low feedback the relation is negative while in the long term the noticeable pay-off will be recognized.

III. METHODOLOGY

As this research tries to get insights from consumer's Attitudes towards marketing mix elements for small home appliances to make comparison between the preferences of both Iranian and Dubai's costumer, four research hypotheses are formulized as follows:

H1: The importance of product element of marketing mix in Iran is equal to that of Dubai.

H2: The importance of price element of marketing mix in Iran is equal to that of Dubai.

H3: The importance of place element of marketing mix in Iran is equal to that of Dubai.

H4: The importance of promotion element of marketing mix in Iran is equal to that of Dubai.

To test these hypotheses empirical data from real-life customers of small home appliances was needed. A questionnaire is designed consisting of two parts. The first part contains general questions about the respondent's age, gender and educational degree plus some specific questions about how these customers usually collect reliable data about these products where they buy these kinds of products and what brand they prefer in this product category. The second part aims to gain insights concerning consumer attitudes towards four elements of the marketing mix, Product, Price, Place, and Promotion in buying small home appliances. For each element three to five questions concerning factors that affect the element were also included in this part of the questionnaire. The respondents were asked to use a five rating Likert scales representing their opinion for each element from "strongly unimportant = 1" to "strongly important = 5". The sample population of this study contains consumers of small home appliances both in Iran and Dubai. Convenience sampling method is used to get as much responses as possible in both countries. The data collection started in January 2011 and lasts for two months. The questionnaires were distributed in shopping malls of both Tehran and Dubai. The researchers traveled to Dubai several times to dispatch the questionnaire but the attempts were not as successful as for that of Iranian market. Total number of 310 responses from Iran and 83 responses from Dubai were gathered.

IV. DATA ANALYSIS AND RESULTS

The reliability or the internal consistency of a research can be found by examining Cronbach's Alpha which must be more than 0.70 to be highly acceptable (Hair et al., 2007). The Cronbach's Alpha achieved for 310 questionnaires in Iran was equal to .808 that is highly acceptable while for 83 questionnaires in Dubai were 0.675, which is fairly acceptable for the purpose of this research. The demographic profile of respondents in two countries is summarized in Table 2. In both countries the majority of the respondents were between 20 to 35 years old with Bachelor's degrees.

Table 2 : Demographic Characteristics - Iran and Dubai

Demographic characteristics % Response Iran (n=310)		
Gender	Male	53.2
	Female	
Age	>20	2.6
	20-35	51
	35-50	33.5
	<50	12.9
Education	Diploma	33.2
	Bachelor	50.3
	Master	12.6
	PHD	3.9
Demographic characteristics % Response Dubai (n=83)		
Gender	Male	49.4
	Female	
Age	>20	12
	20-35	51.8
	35-50	34.9
	<50	1.2
Education	Diploma	34.9
	Bachelor	41
	Master	18.1
	PHD	6

In Iran 29% of the respondents, usually gather information about this product category from friends' recommendation while 41.90% from salespersons, 21.3% from advertising. Almost 32.6% of the customers were influenced by the reference group to buy these products. The preferred brand for 25.2% of the respondents was Molinexx in this product category. In Dubai however, 39.8% were chosen advertising as reliable source for gathering information to purchase small home appliance product and almost 37.3% of the customers were influenced by salesperson

recommendation to buy such products. As the result of survey shows 50.6 % of the respondents usually buy their small kitchen items from shopping malls. The preferred brand for 31.3% of them was Black & Decker.

a) Marketing Mix elements Importance

The importance of each elements of the marketing mix Calculated from each item's means using SPSS 18 software. The final means divided by five (five-point scale) and then multiplied by 100 to gain the percentage for each element.

Findings reveal that in Iran costumers mainly value the Product element at the most (85.10%). The second important element is Price (79.46%), which is close to the Place (74.77%) that has less effect. The last element is surprisingly Promotion (69.74%). Results also show that in Dubai product element (85.15%) has the most important effect on purchasing decision. The runner-up is the Promotion (78.98%), which is close to the Price (77.18%) with less effect. The Place (74.22%) has the least influence on the purchasing decision. The comparison of overall ranking for each marketing mix elements with its associated factors is shown in Table 3.

Table 3 : Marketing Mix Element's Importance Comparison between Iran and Dubai

Iran	Dubai
1. Product	1. Product
Quality	Quality
Operability	Service
Service	Operability
Brand Reputation	Brand Reputation
Package	Package
2. Price	2. Promotion
Quality - Price equity	Discount
Brand - Price Equity	Sale Person Recommendation
Payment Methods	Advertising
	Internet advertising
3. Place	3. Price
Convenient Channel stores	Quality - Price equity
Convenient Location	Brand - Price Equity
On line sale	Payment Methods
4. Promotion	4. Place
Discount	Convenient Channel stores
Advertising	Convenient Location
Sale Person Recommendation	
Internet advertising	

b) Hypothesis testing

Using SPSS 18.0, the independent sample tests for comparing the means of two groups (that of Iran with that of Dubai) was computed. At first the significant in Levene's Test of equality variances is checked. For (Sig>.05) the assumption of equal variances are

accepted. Next the significant in the t-test for equality of mean is considered. For the (Sig.>.05) the means are equal otherwise the null hypothesis will be rejected and the mean of both group Considered as unequal. The results are summarized in Table 4. For example for

the equality test of the importance of product element for Iran and Dubai as shown in Table 4, the equal variances assumed (sig. 142>.05) and means are equal as Sig. (2-tailed) is .961>.05.

Table 4 : Independent sample Test

4Ps	L even`s Test for E quality of variances		T - Test for equality of Means			
	F	Sig	t	df	Sig. (2-tailed)	Mean difference
Equal Variances	2.167	.142	-.049	391	.961	-.00299
Unequal Variance (Product)			-.054	150.055	.957	-.00299
Equal Variances	.588	.444	1.561	391	.119	.11368
Unequal Variance (Price)			1.659	141.016	.099	.11368
Equal Variances	1.472	.226	- 5.469	391	.000	-.46170
Unequal Variance (Promotion)			-5.913	144.902	.000	-.46170
Equal Variances	5.619	.018	- 7.639	391	.000	-.59864
Unequal Variance (Place)			-8.777	160.871	.000	-.59864

Table 5 shows the summary of the hypothesis testing.

Table 5 : Hypothesis Test Summary

Hypothesis	Result
H 1: The importance of product element of marketing mix in Iran is equal to that of Dubai.	Accepted
H 2: The importance of price element of marketing mix in Iran is equal to that of Dubai.	Accepted
H 3: The importance of place element of marketing mix in Iran is equal to that of Dubai.	Rejected
H 4: The importance of promotion element of marketing mix in Iran is equal to that of Dubai.	Rejected

V. DISCUSSION AND CONCLUSION

The findings of this study reveal great insights about customer's preferences in buying small home appliances in the two studied countries of Iran and Dubai. In general although Iranian people are more influenced by friends' recommendation and reference groups, customers in Dubai rely more on advertising and personal selling skills. Attitudes toward E-shopping seem to have no direct and significant impact on the purchase intention of products in this business field. Most of the customers in Iran and Dubai would like to see, touch and physically observe the products before they buy it. The findings also shows that mostly customers in Dubai prefer to buy small home appliance products from exclusive stores in shopping malls or Carrefour thus it is suggested for the exporting companies to arrange their distribution channels via these two centers either within direct or indirect exporting.

Marketing mix elements' importance in Iran differs slightly from that of Dubai. In addition the results reveal that the importance of product and price can be considered to be equal for these two countries while for the place and promotion this is not the case. Concerning factors of each element it is found that, Availability of store as one of the place element is mentioned to be the most essential stimuli in buying behavior for both Iranian and Dubai customers. In both countries the main factor concerning the promotion element of the marketing mix is Discounts. Also among the product factors for both countries the main item is product quality. This confirms the previous scholar findings (eg. O'cass and Julian (2003); Leonidou et al., 2002; Lages and lages 2005) that product quality can have influence on export performance and have positive effect on company success in international market. Considering price factors in Iran and Dubai, quality-price equity is the most important factors. This

finding reinforces Theodosiou and Katsikeas (2001) and Leonidou, Katsikeas, and Samiee (2002) previous research findings.

The main limitation faced by researchers in this study was the difficulty in accessing to Dubai customers, which leads to the fewer responses from that region. Furthermore, this research provides a comparison of customer attitudes and Preferences concerning four elements of the marketing mix for small home appliance products. In the future, it would be interesting to conduct similar studies for different product categories. Also more comprehensive researches aiming at exploring appropriate strategies concerning each element of the marketing mix is highly recommended.

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