

# MANAGERIAL ASSESSMENT BY APPLYING OF THE MARKETING MIX REGARDING THE SALES STIMULATION - CASE STUDY

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## Abstract

*Evaluation is a necessary requirement and yet, according to Strong, "the evaluation of the results of the promotion program is given little attention." Even when there is an attempt to evaluate a promotional campaign, it will most likely be superficial. in terms of profitability, it is even less common in practice. "In fact, this is the purpose of the present study, that is to demonstrate and present a model of how to conduct a managerial evaluation that is given due importance, any details missed, following to be a minus in the activity of the company and a diminution of profit that should be maximized at any time. We want our evaluation to be a pragmatic model, apt to be useful and available to anyone.*

**Keywords:** Evaluation, Management, Marketing mix, Sales, Business

**JEL Codes** M31

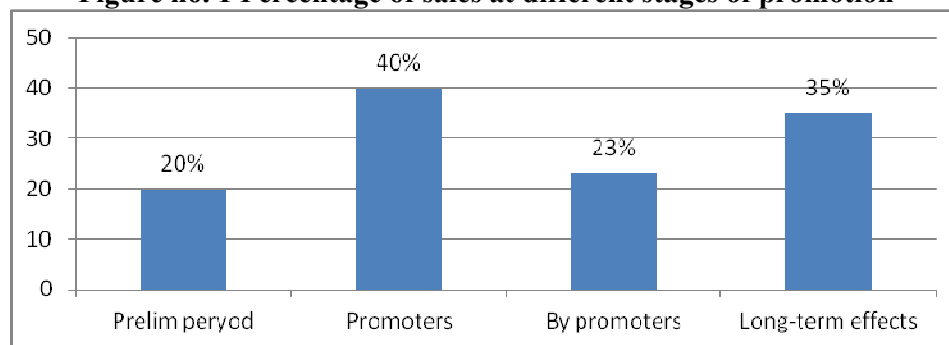
## Introduction

Evaluation is a crucial requirement and yet, according to Strong, "the evaluation of the results of the promotion program is given ... little attention. Even where there is an attempt to evaluate a promotional campaign, it will most likely be superficial ... The evaluation in terms profitability is even less common in practice ”.

To measure the effectiveness of a sales promotion campaign, the company can use four methods.

The most common is the examination of sales data before, during and after the completion of a promotion campaign. As a result of the practical development of the promotional activity to stimulate sales, INTER DECOR concluded that, before launching the promotion campaign, the market share of the company was 20%, it rose to 40% during the promotional campaign, decreases to 23 % immediately after the campaign and then increases to 33% in the period following the promotional campaign. At a closer and in-depth analysis of the place that sales promotion occupies in the communication mix and implicitly in the marketing mix, one can easily observe, the power with which sales promotion influences each of the 4Ps.

**Figure no. 1 Percentage of sales at different stages of promotion**



Source – Author

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## **2 The impact of the measures of the promotional activity**

The evaluation of the promotional activity is as necessary as its own development. "Any decision regarding the content, size, corrections of promotional actions should be based on periodic evaluations of the effectiveness of the actions. The stage of carrying out this activity could be: establishing the indicators based on which the evaluations are made, collecting information (post-testing), calculating the indicators in comparing the results with the objectives" (Balaure and al, 2000). The indicators used can be global indicators that characterize the promotional activity as a whole and specific indicators for each promotional action. When calculating both groups of indicators, special attention should be paid to isolating as far as possible the effects of the promotional action.

"In the case of global indicators, we must take into account the fact that certain effects also occur as a result of the action of factors other than the promotional ones, and in the case of the analytical indicators, we must also consider the cumulative influence of the different promotional actions on the results". (Kotler and all, 1997)

In addition to these indicators, which mainly reflect the effectiveness of promotional actions, efficiency indicators obtained as a ratio between effort and effects can be used. As indicators of effort can be used: total promotional expenses and by categories of actions and means; number of persons or time consumed to carry out the promotional activity; the material means used.

The effect indicators will refer to: number of customers, sales, market area, market share.

In the analyzes made on the basis of the mentioned indicators "attention must also be paid to the way in which their values are expressed: absolute quantities, relative sizes, absolute changes, relative changes" (Florescu, 1994).

In the case of promotional actions made for new products, brands or companies, the indicators will be in the form of absolute or relative sizes and will reflect levels recorded at a given time. For existing products, brands or companies, the indicators will reflect absolute or relative changes and will be presented in the form of the absolute increase, the average increase, indices of the increase.

## **3 Measuring the results of the INTER DECOR advertising actions**

Good planning and effective control of the advertising activity depends largely on how to measure the effectiveness of the advertisement.

Most advertising users, including the specialists of INTER DECOR, try to "measure the communication effect of an advertisement, ie its potential effect on the public in terms of information, knowledge or preferences". (Ionescu, 2010a) The effect on sales which is often considered the most difficult thing to measure is not neglected either.

*Analysis of the effect of communication* seeks to determine if the advertisement communicates the message effectively. It is also called "advertising testing and can be launching an advertisement through the media or after it is printed or broadcast" (Popescu and al, 1994).

"*The pretesting* was done by the specialists of the marketing department through the techniques based on surveys." (Ionescu, 2010b) Thus, within a sample of 100 companies from the Moldovan area, which were currently subscribed to a daily newspaper (Monitorul), the company inserted in this advertising medium, several variants of an ad serving it in different geographical areas of Moldova.

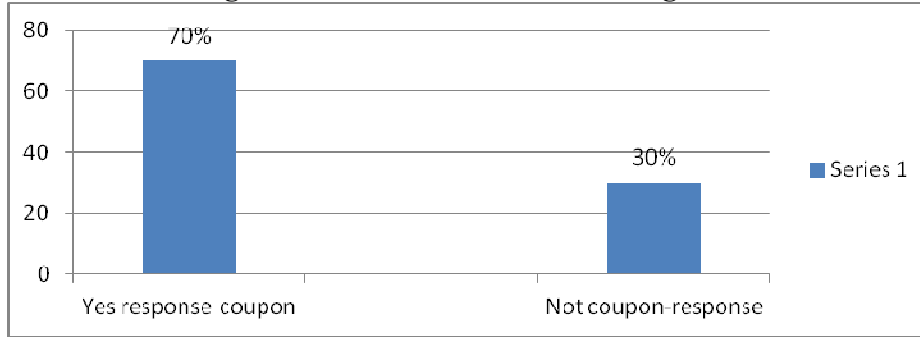
The announcement also provided a response coupon that had to be completed by the person who read the ad and sent it to the headquarters of INTER DECOR. Based on the information obtained from the analysis of the response coupons, arrived at the company headquarters, a number of conclusions were drawn:

**Table no. 1 The result of the investigation**

<b>They sent the response coupon</b>	<b>They not sent the response coupon</b>
70%	30%

Source – Marketing Department of INTER DECOR

**Figure no. 2 The result of the investigation**



Source – Author

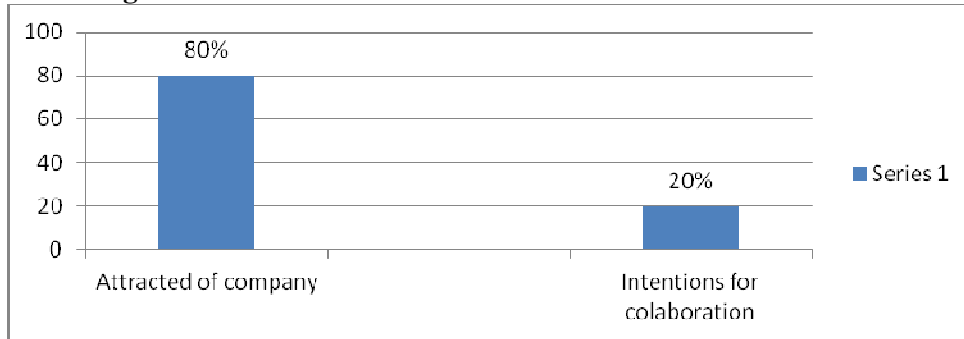
- 70% of the surveyed companies sent the reply coupon;
- 30% of the companies surveyed, did not send the answer coupon

**Tabele no. 2 Attraction to SC INTER DECOR SA**

<b>Attracted of company</b>	<b>intentions for collaboration</b>
80%	20%

Source – Marketing Department of INTER DECOR

**Figure no. 3 Attraction to SC INTER DECOR SA**



Source - Author

- 80% of them knew of the existence of the company, of the object of activity, being very attracted by the originality of the advertisement, having frequent collaborations with INTER DECOR;

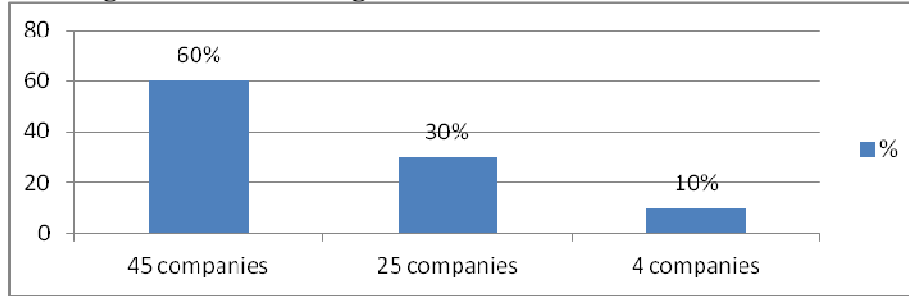
- 20% of companies also acknowledged the spontaneity of the ad, retaining the company profile and expressing in the future the intention to collaborate with the "professional in overalls", the mascot in the advertisement;

**Table no. 3 Percentage of shares held since INTER DECOR**

<b>Number of companies</b>	<b>Percentage of shares held since INTER DECOR</b>
45	60%
21	30%
4	10%

Source – Marketing Department of INTER DECOR

**Figure no. 3 Percentage of shares held since INTER DECOR**



Source – Author

- out of these 70 companies that responded positively to the newspaper advertisement, 65% of them owned, on average, 60% of the sales volume of INTER DECOR, 15% a share of 30% and the rest 10%;

What attracted everyone's attention was "the accessibility and credibility of the content of the ad, the rapid recognition of the products" (Ionescu, 2010a) and the fact that all respondents have associated INTER DECOR with a high level of quality and professionalism, aspects doubled by the fact that most of the respondents were companies that were actively collaborating with INTER DECOR.

The post-test was aimed at comparing the results of the advertising campaigns with the objectives pursued and obtaining information necessary to substantiate the future actions. Thus, "based on the expenses in the field of advertising, the company has managed to increase the public information on the existence of the company". (Ștefănescu, 1995) INTER DECOR, better knowledge of the company by the user, increasing user preferences for INTER DECOR products.

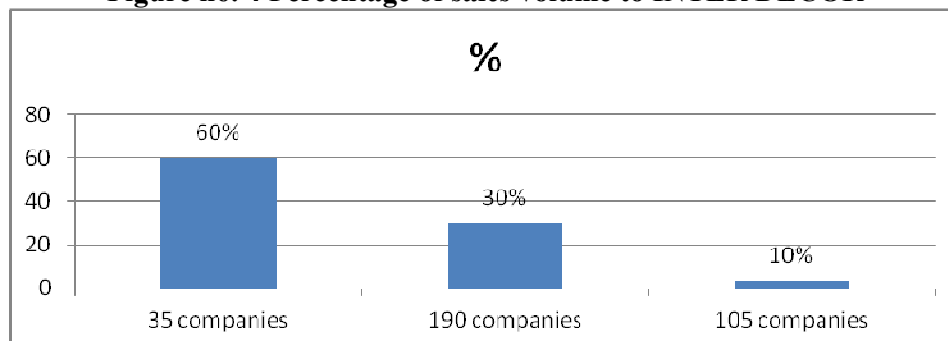
**Table no. 4 Percentage of sales volume to INTER DECOR**

Companies numbers	Percentage of sharesheld from INTER DECOR
35	60%
190	30%
105	10%

Source - Marketing Department of INTER DECOR

From a total of 350 organizational clients, at the level of 2015, the company has, in its portfolio, 35 clients who own 60% of the sales volume, 190 clients own 30% of the sales volume, the remaining 10% being owned by 105 customers. The remarkable results of the advertising campaigns led to a 40% increase in the level of information of users on INTER DECOR products, exceeding the proposed objective, namely to reach an information level of 30% (number of new customers attracted).

**Figure no. 4 Percentage of sales volume to INTER DECOR**

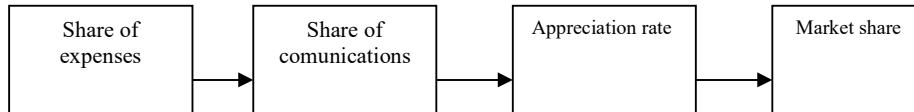


Source – Author

The effect on sales is generally more difficult to perform than analyzing the effect of advertising communication. "Sales are also influenced by factors other than advertising, such as: product characteristics, price, product availability and the actions of competing companies." (Popescu, 1998) The less these factors are or the more easily controllable, the easier it is to measure the effect of the advertising on the sales. Generally, the company is interested in finding out if it is spending too much or too small for the advertisement.

One way to approach this problem is the formula according to the scheme below: (Patriche, 1994):

**Figure no. 5 Economic parameters for the evaluation of advertising expenses**



Source – Author

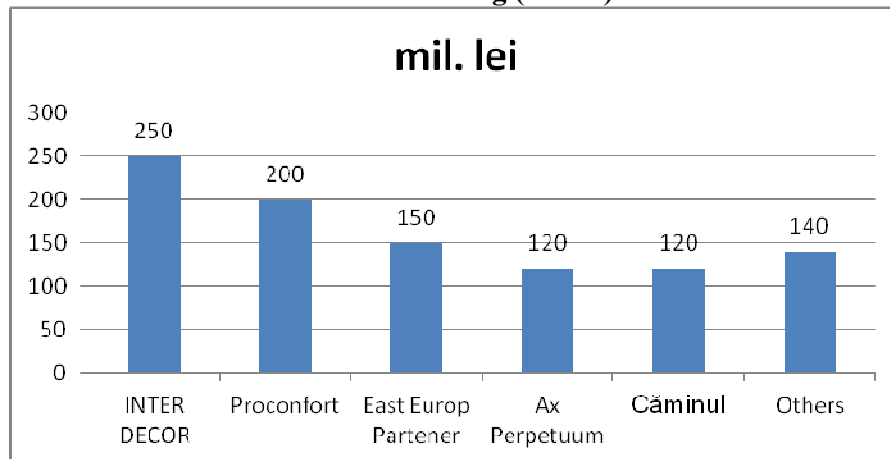
In other words, the share of funds spent by the firm for advertising produces a communication quota that gains a share of appreciation among users and ends up obtaining a market share for the company.

**Table no. 5 Comparative situation regarding expenses with advertising**

Companies	Advertising expenses (mil. lei)
INTER DECOR	250
Proconfort	200
East European Partener	150
Ax Perpetuum	120
Căminul	120
Alții	140

Sursa – Marketing Department of SC INTER DECOR SA

**Figure no. 6 Comparative situation regarding expenses with advertising (mil lei)**



Source - Author

According to the data obtained regarding the first three competitors on the market of the products marketed by INTER DECOR, the following situation resulted:

INTER DECOR company spends 25,000 lei out of the total advertising expenses incurred in the field of interior design, which amounts to 1,000,000 lei; Under these

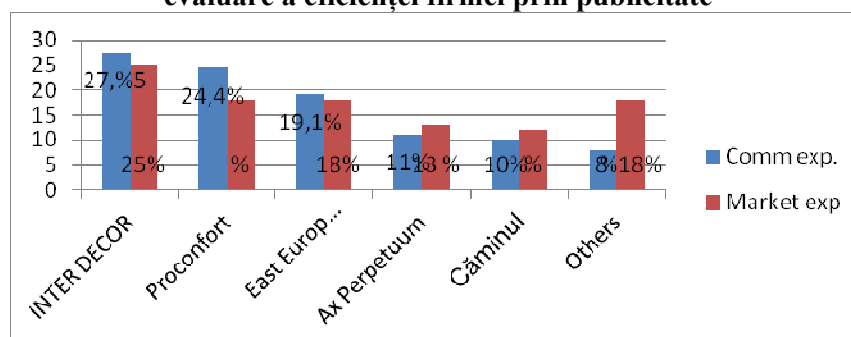
conditions, its share of communication amounts to 27.5%. However, its market share stands at only 25%. By dividing the market share by the communication share, we obtain a coefficient of efficiency of 70 advertising, which suggests that it either spends too much or is spending its funds incorrectly.

**Table no. 6 Comparative situation with some parameters of evaluating the efficiency of the company through advertising**

Companies	Communication expenses	Market expenses
INTER DECOR	27,5%	25%
Proconfort	24,4%	18%
East European Partener	19,1%	18%
Ax Perpetuum	11%	13%
Căminul	10%	12%
Others	8%	14%

Sursa – Marketing Department of INTERDECOR

**Figure no. 7 Situație comparativă cu unii parametri de evaluare a eficienței firmei prin publicitate**



Source - Author

The same can be said about Proconfort.

As for the East European Partner company, it spends only 13% of the total expenses on advertising, at branch level and nevertheless manages to secure a market share that rises to 18%; she manages to spend her money effectively and probably should increase her spending on advertising.

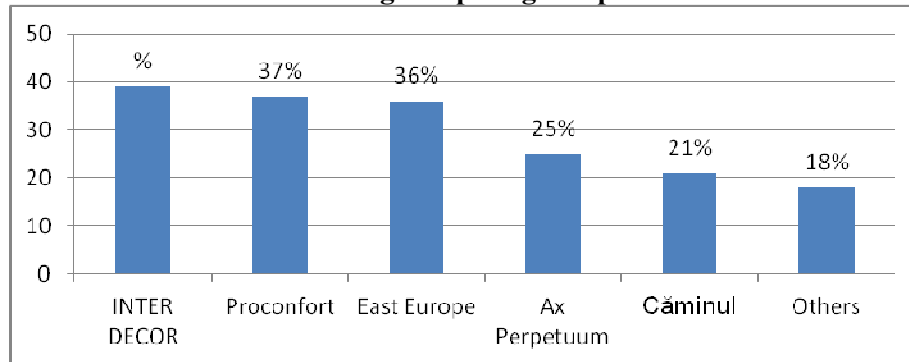
**Table no. 7 Comparative situation with the efficiency of advertising competing companies**

Companies	The efficiency of advertising
INTER DECOR	39 %
Proconfort	37%
East European Partener	36%
Ax Perpetuum	25%
Căminul	21%
Others	18%

Source – Marketing Department of SC INTER DECOR SA

At the same time, we try to measure the impact on sales by analyzing either historical or experimental data. The historical approach involves "correlating past sales with past advertising, using either simultaneous data comparison or time-lagged data using sophisticated statistical methods". (Pekar, Smedici, 1995)

**Figure no. 8 Comparative situation with the efficiency of advertising competing companies**



Source – Author

At the same time, we try to measure the impact on sales by analyzing, either historical or experimental data.

The historical approach involves correlating past sales with advertising in the past, using either comparing simultaneous data or comparing time-lagged data using sophisticated statistical methods.

Using the experimental method to measure the impact of advertising on sales, "we try to spend for advertising the normal percentage of sales volume in all territories and not, the more the company spends more, in some territories." (Adăscăliței, 1994) These tactics are called high-cost tactics and, respectively, low-cost tests.

If the high-cost tests produce substantial increases in sales volume, it is necessary to conclude that the company has spent too little for advertising. If higher spending fails to produce sales volume increases and if small expense tests do not lead to sales volume decreases, then the conclusion is that the company has spent too much on advertising.

Regardless of the techniques used, "rigorous evaluation of the effects of advertising is a complex and difficult problem because the economic results of the company are, on the one hand the consequence of the interaction of the various components of the marketing mix, on the other hand, they include a number of external effects, due to competition and market conditions" (Pekar, Smedici, 1995).

### Conclusions

The marketing communications program at SC INTER DECOR SA is practically a promotional mix and consists of a specific combination of advertising tools (personal sales, sales promotion and public relations), used by it to meet its objectives. marketing and advertising.

At SC INTER DECOR SA, the most used promotional form is the promotion of sales that has as its first ascending stage, personal sale, because it essentially influences the activity of the company and represents the dynamic lever towards maximizing the profit of the customers' satisfaction.

SC INTER DECOR SA admits in its value judgments, the fact that advertising offers a reason to know, to know, and the promotion of sales offers an incentive to buy. This technique has a number of distinct features and must be marked, at any price, above it, so that:

- a) its main objective is to stimulate sales;
- b) sales promotion techniques are more efficient when used irregularly and intermittently, than when used continuously;
- c) it cannot be confused with the actions included in the price or product policy or with the advertising;

The company also has 41 own stores for selling products in several cities

Certain discounts are granted for customers who purchase goods worth at least EUR 1000.

The price reductions also materialize in:

- special offers:
- gifts - exceptional sales at a discounted price:

Thus, at SC INTER DECOR SA, “the art of selling, requires teamwork, appealing to the support of all the employees of the company, starting from the top management, the specialists in technical problems, the agents who provide services to the clients, as well as all the staff of the other offices, all involved in functional activities”.

The sales agents of INTER DECOR have full-time contracts and mobile phones and machines are available to cover a large geographical area through visits to potential customers and to maintain and cultivate relationships with current customers.

Every three months, the company organizes training courses for agents. The course duration is 3-4 days and is usually held in Sinaia. Within these courses the aim is to improve sales techniques, improve the professionalism of the agents, analyze the activity of each agent and simulate concrete situations on the market to find the best solutions.

Regarding the results of the promotion campaign, INTER DECOR also took into account other potential costs: (Kotler and al, 1997)

- the promotional campaign can diminish the long-term loyalty to a particular product, making more and more users to be attracted to the promotional facilities rather than to the advertising;
- a promotional campaign may be more expensive than it seems, determined by the production of lots of goods under special conditions, by the extra effort that the sales force must make;
- certain promotional campaigns dissatisfy the retailers who either request additional commercial discounts (larger discounts), or refuse to cooperate in carrying out the action.

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