



Factors Affecting the Promotion of Small Rural Food Industry Marketing in Tehran

Masoumeh Arfaee¹, Seyed Mehdi Mirdamadi², Seyed Jamal Farajollah Hosseini³

1-Department of Agricultural, Ashtian Branch, Islamic Azad University, Ashtian, Iran

2, 3- Department of Agricultural, Science and Research Branch, Islamic Azad University, Tehran, Iran

Abstract

The present study, aimed to investigate the factors affecting the promotion of small rural food industry marketing in Tehran, is done by the questionnaire as its main tool. The questionnaires are completed through interviews with 160 managers from 133 companies in Tehran. We have used SPSS software to analysis Sampling data. The results showed that the variables of marketing have most important role in promotion of livestock products marketing. Thus, by observing coefficient of determination, it can be concluded that the variables in marketing agents explain about 48% of the variability belonged to promotion of livestock products marketing.

Keywords: promotion, marketing, food industry, rural industries, Tehran Province.

Introduction

The recent challenging economic condition has caused serious problems for small industries in Iran. According to recent results of census from civil workshop industries, in spite of 50% increase in level of investment on small industries, the number of active companies in the year 2007 reduced 1.3% (Statistical Center of Iran, 2008). In rural areas, often small industries have higher limitations from viewpoint of infrastructure and market access (Laforet 2008). One of the main problems of small units is negligence to scientific method for fulfilling organizational duties including: planning, production and marketing. In fact, marketing plays key role for management of small industries. American Marketing Association (AMA) has defined marketing as set of activities directing procedure of

goods and services from manufacturer until reaching to consumer (Efi 2010).

- Khierkhah Asgarabad (2010) in order to study influence of marketing knowledge management on performance of organization at petrochemical industry of Iran, designed a questionnaire consists of 42 questions and distributed them among employees of foreign commercial affairs, domestic affairs, marketing affairs of petrochemical commercial companies by relative classification method (according to ratio of employees at each section). Results showed that there is significant positive relationship between assets and abilities of marketing knowledge management on general performance of organization (market performance, customer performance and financial performance).

- Golabi and et al (2010) studied concept of marketing in Iranian small and medium size enterprises with the purpose of finding out effective correlation between marketing and obligations of small and medium size enterprises and describing method and reason of mixing marketing and key elements on small and medium size enterprises. Results of this study showed that there are 5 main elements for mixed marketing items among small and medium size enterprises (manager, product, price, place and promotion) and finally 49 elements were added to the first element in the procedure of executing study as new elements.

- Soltani (2010) in his thesis designed a method for promotion of innovation management in small rural food industry of Tehran province and his research methodology is mixture of qualitative and quantitative methods. In the way of marketing farm animal industry; basically, farm animal products are safer and there is less requirement for changing and promoting this market in comparison to agricultural products. In these companies, marketing innovation is available in 2 sections including: discovering new markets and new marketing methods. Results of Hamken model showed that effective factors on innovation of companies are including: customer relationship, access to specialty information, company properties, educational factors, properties of manager, environmental factor, financial resource factor, acknowledgment factor. Moreover, effective factors on innovation management level of managers are including: communication with customer, educational

factors, contact with counselors, financial resources, customer oriented factor, inner communication and access to specialty information

- In the study performed by Verhoef & Leeflang (2009) the relationship of variables related to abilities of marketing units with level of influence of marketing on company and marketing affairs of company was studied. In order to measure the role of marketing in company, such influence was examined from viewpoint of perceived importance, presence of agent at board of directors and its influence on decision making. Thus, the hypothesis of having correlation relationship between innovation variable and responding at marketing units with role of marketing in company is confirmed and there was no significant relationship between creativity and customer relation with role of marketing in company

- Sohn et al 2007 performed a research with title of "Anticipating financial performance by technologic investment on small and medium size enterprises by using LISREL and it was concluded that many organizations have technologies that are evaluated by several factors. In this research, it is benefit from structural equations for studying relationship between technology evaluation and financial performance by using promoting index of financial performance. Researchers have recommended following factors for obtaining technology evaluation: Technologic and commercial risk, innovation levels for manufacturing product, criterions of market, promoting product, entrepreneurship opportunities and supporting competitive advantage i.e. in



many researches dealing with relationship between factors of technologic evaluation and financial performance there is positive significant relationship between entrepreneurship experiences in the way of business and profit making for business.

- Dixie (2005) in his researches has referred to factors including: key impediment, absence of markets, low prices, unsuitable roads and poor communication. He believes that promotion employees and farmers are often feared of markets and they are not got used to direct negotiation with merchants. Moreover, not only performing market researches is vital for understanding market requirement; but also it is effective on enabling farmers and promotion employees for creating market related knowledge.

General purpose of this research, is studying effective factors on promotion of marketing among small rural food industry of Tehran province by using viewpoint of managers of this industry and the specific goals are including: recognizing economic, educational, social, technical, policy making, managerial and effective marketing affairs on promotion of marketing among small rural food industry of Tehran province.

Materials and Methods:

This article is result of quantitative research in relation to effective factors on marketing promotion of small rural food industry of

Tehran province. In fact, small rural food industry are those industries having less than 50 people employees and is mainly located at rural areas being licensed by Ministry of Agriculture. List of small farm animal food industries in Tehran province was 83 items that officially registered at Ministry of Agriculture and while performing the present research, only 23 industries and companies were active (2010-2011). Tools of research were questionnaire that was completed through interview. Respondents were among company managers at different levels (main manager, vice-manager, production manager, sales manager, manager of administrative affairs and person in charge of technical affairs); of each company that announced their readiness for attending in our research. The dependent variable was promotion of marketing and independent variables were: economic, educational, social, technical, policy making, managerial and marketing variables.

Discussion and Results:

A) Personal Properties of Managers

According to table 1, it is observed that average age of managers was 42.5 years that shows good level of their experience, nearly 22.6% of managers had highest frequency with age range of 41 to 45 years and the maximum service record of persons in our study was related to 6 years to 10 years with average of 10.5 years of service record.

Table 1: Properties of managers

Properties of respondents
Service record: average 10.5
Average service record in present job: 3
Education: PhD Degree 3.8%- Master's Degree 11.9%- Bachelor's Degree 43.1%
Diploma and Associate Degree 38.8%
Level of compatibility of field of study with job: Completed relevant: 52.5%- Relatively relevant: 34.4%- Totally irrelevant: 10.6%
Average age: 42.5

B) Results of Multi Regression

Regression analysis enables researcher to anticipate changes of dependent variable through independent variables and to describe share of each independent variable on describing dependent variable. In order to study role of research variables on dependent variable of promoting farm animal products, it is benefit from multi regression by step-by-step method. In this stage, the first variable that is entered into equation is x7 i.e. marketing factors and result of calculations is offered in table 2 and shows that this variable has highest role for promoting marketing of farm animal products. Thus, through observing determining coefficient, it is claimed that variable of marketing factor describes nearly 48% changes of dependent variable of promoting marketing of farm animal products. Then educational variables and policy making variable is entered into

equation and according to the available findings for variables of marketing affairs, the educational and policy making variables, describe nearly 55% changes of dependent variable of promoting marketing of farm animal products. Generally, it is concluded that variables of marketing factors, educational factors, policy making factors has positive influence on promoting marketing of farm animal products.

C) Confirmative Factor Analysis for Effective Factors on Promoting Marketing of Farm Animal Products

In this section it is benefit from factor analysis method and covariance of large set of variables. In fact, factor analysis deals with this issue; whether available data are compatible with strong limited pre-empirical structures of similar condition or not. Thus, in the present research, 49 factors related to

Table 2: Summary of different stages of entering independent variables to research on promoting marketing of farm animal products (from viewpoint of managers)

Stage	Variable	Correlation Coefficient	R ² Coefficient	Balanced Coefficient	F	Sig Level
1	Marketing factors	0.697	0.486	0.483	142.78	0.000
2	Educational factors	0.732	0.536	0.530	86.60	0.000
4	Policy making factors	0.748	0.559	0.550	62.99	0.000

Table 3: Coefficient of variables entered into multi regression equation

Stage	Variable	Regression Coefficient (B)	Standard Error	Beta	T Level	Sig level
1	Marketing factor	0.058	0.005	0.697	11.94	0.000
	Fixed number	-0.213	0.294	-	-0.725	0.470
2	Marketing factor	0.049	0.005	0.598	9.82	0.000
	Educational factors	0.041	0.010	0.244	4.01	0.000
	Fixed number	-1.19	0.372	-	-3.20	0.002
3	Marketing factor	0.039	0.006	0.477	6.48	0.000
	Educational factor	0.039	0.011	0.189	3.01	0.000
	Policy making factor	0.018	0.006	0.215	2.80	0.003
	Fixed number	-1.36	0.368	-	-3.68	0.006



promoting marketing on small rural food industry by focusing on farm animal products from viewpoint of small rural food industry is examined and finally upon applying modifications on model by using LISREL software, the number of obvious variables is reduced to 33 variables for confirming that model has suitable level of fitting. Results of table 4 shows that there is measurement equation according to number of obvious variables and each equation consists of following items: standard coefficient between obvious variable and hidden change (route coefficient), observed standard error of variable or measured error, sig test based on t property and R2 that is determining coefficient or ratio of described variable by hidden change. According to the results, it is claimed that factor load for all indices at error level of 5% was significant; moreover, T level is larger than 1.96 that is significant at error level of 0.001 and amounts more than R2 in table show that variables has suitable level of fitting for this model. Results of table 5 in relation to prioritizing and grading importance of variables show that variables of economic factors, technical factors, marketing factors, social factors, educational factors, policy making factors and managerial factors are at 1st to 7th priority that are arranged in the following table based on hidden and obvious variables and according to their priority and degree of importance (based on factor load and total percentage of described variance). Generally, through focusing on fitting index, it is possible to focus on fitting of described model and empirical data. Thus, there is suitable level of compatibility between structural model with empirical data and this is regarded as suitable model for related

structure to effective factors on promoting marketing among small rural food industry through focusing on farm animal products and suitable fitting refers to finding suitable pattern of structural equations by focusing on economic factors, technical factors, marketing factors, social factors, educational factors, policy making factors and managerial factors.

Conclusion:

The present research, examines the effective factors on promoting marketing among small rural food industry. Recently, through increasing importance of food industry specifically marketing products, this issue is at center of attention as factor for human promotion and like other sections in small food industries, the established companies in order to maintain the competitive ability in economy, require for having marketing skills that is very limited at the present time; since, still this additional industry of agricultural sector is not accepted as addressees of promotion. Absence of clear and effective mechanism for management of marketing process, lack of understanding and recognizing managers from modern concepts of marketing, lack of mechanism for upgrading information of active groups in the field of production and marketing of farm animals due to lack of defining specific duty for promotion, lack of equipping employees with modern instruments of marketing management with “marketing promotion” has created unsuitable status in this sector. Results showed that average age of managers is 42.5 years that shows having good experience, nearly 22.6% managers with highest frequency are at age range of

41 years to 45 years and the maximum service record is between 6 years and 10 years and the average service record is 10/5

years. Results of calculations showed that variable of marketing have the highest role on promotion of marketing of farm animals.

Table 4: Indices of structural equations in relation to effective factors on promoting marketing in small rural food industry on farm animal products

Hidden Properties	Obvious Variables	Route Coefficient	Measurement Error	R2	T Level
Economic factors	Access to economic information	0.81	0.34	0.66	12.46
	Stability of prices of small food industry	0.98	0.05	0.95	16.98
	Competing with other food industry companies	0.97	0.07	0.93	16.64
	Access to low interest loans	0.84	0.29	0.71	13.12
	Increasing financial ability (afford)	0.98	0.04	0.96	17.04
	Stability of price of required raw materials	0.78	0.40	0.60	11.65
Social factors	Continuous relationship with customers for promoting product	0.86	0.26	0.74	13.46
	Strong and effective relationship with similar companies	0.87	0.24	0.76	13.62
	Customer orientation	0.87	0.25	0.75	13.59
	Activation of available associations in the field of small rural industries	0.90	0.19	0.81	14.37
	Enabling members, recognizing members from fundamentals and principles of marketing	0.79	0.38	0.62	11.70
Managerial factors	Ability of managers for taking correct decisions while change in market	0.87	0.25	0.75	13.63
	Introduction to ICT skills among managers	0.83	0.32	0.68	12.60
	Promoting status of managers among small enterprises	0.89	0.21	0.79	14.18
	Informing from market standards	0.94	0.12	0.88	15.47
Educational factors	Number of participating in educational courses	0.83	0.31	0.69	12.61
	Relationship of learners with experts of additional industries	0.91	0.17	0.83	14.79
	Necessity of educational expert in company	0.90	0.19	0.81	14.36
	Planning in relation to ways of access to market	0.89	0.21	0.79	14.20
Technical factors	Establishing local market	0.83	0.32	0.68	12.55
	Suitable transportation system	0.86	0.27	0.73	13.24
	Constructing warehouse storage	0.85	0.28	0.72	13.15
	Access to effective technology	0.85	0.28	0.72	13.04
	Level of technology (low level, medium level and high level)	0.88	0.22	0.78	13.90
Policy making factors	Stability of policies of government in relation to small companies	0.73	0.47	0.53	10.73
	Exemption of preventive and anti-development taxes for small industries	0.98	0.03	0.97	17.15
	Using suitable marketing strategies	0.77	0.41	0.59	11.50
	Preparing incentive and support policies for employment of people	0.99	0.01	0.99	17.54
Marketing factors	Customer is at center of attention while decision making by company	0.78	0.38	0.62	11.69
	Application of type of adverting for selling products	0.77	0.41	0.59	11.29
	Attractive and beautiful package for products of company	0.89	0.21	0.79	14.25
	Grading product and having access to product grading machines	0.93	0.13	0.87	15.46
	Appearing at small industries in national markets	0.91	0.17	0.83	14.83



Table 5: Priority and degree of importance for promoting marketing at small rural food industry on farm animal products

Hidden Variables	Obvious Variables	Factor Load	Specific Factor	Total Percentage for Variance of Describing factor
Economic factors	Increasing financial afford	0.93		
	Stability of prices of small food industry	0.93		
	Competing with other food industry companies	0.92	5.64	17.11
	Access to low interest loans	0.81		
	Access to economic information	0.79		
	Stability of price of required raw materials	0.70		
Technical factor	Level of technology (low level, medium level and high level)	0.84		
	Constructing warehouse storage	0.79	4.64	14.08
	Access to effective technology	0.78		
	Suitable transportation system	0.77		
	Establishing local market	0.76		
Marketing factor	Presence of small industries at local market	0.89		
	Grading product and having access to product grading machines	0.85	4.30	13.04
	Attractive and beautiful package for products of company	0.81		
	Customer is at center of attention while decision making by company	0.74		
	Application of type of advertisement for selling product	0.72		
Social factors	Activation of available association in available industries in villages	0.84		
	Continuous relationship with customer for promotion of product	0.81		
	Effective and strong relationship with similar companies	0.80	3.70	11.23
	Customer orientation	0.80		
	Enabling members, recognizing members from fundamentals and principles of marketing	0.71		
Education al factors	Planning in relation to ways of access to market	0.87		
	Relationship of learners with experts of additional industries	0.85	3.17	9.61
	Necessity of educational expert in company	0.84		
	Number of participation at educational course	0.81		
Policy making factors	Preparing incentive and support policies for employment of people	0.92		
	Exemption of preventive and anti-development taxes for small industries	0.91	3.08	9.34
	Using suitable marketing strategies	0.76		
	Stability of policies of government in relation to small companies	0.75		
Managerial factors	Informing from market standards	0.88		
	Ability of managers for taking correct decisions while change in market	0.83	2.53	7.67
	Promoting status of managers among small enterprises	0.82		
	Introduction to ICT skills among managers	0.78		
Sum				82.10

Thus, through observing coefficient, it is claimed that variable of marketing factor describes 48% of changes of dependent variable of promoting marketing of farm animal products. Moreover, studies performed by Kheirkhah Asgarabad (2010) showed that there is positive-significant relationship between assets and abilities of marketing knowledge management and total performance of organization and the present research has confirmed this issue. Meanwhile, Dixie (2005) in his research referred to factors of marketing as key impediments, absence of market, low prices, unsuitable roads and poor communication. Results in relation to prioritizing and degree of importance for variables showed that variables including: economic factors, technical factors, marketing factors, social factors, educational factors, policy making and managerial factors are regarded as 1st to 7th priority respectively. Moreover, studies performed by Leeflang & Verhoef (2009) revealed that the relationship between variables of abilities of marketing unit simultaneous with properties of company with influence of marketing on company and marketing on company at this study was confirmed.

Acknowledgment: This research is the result of my PhD Thesis with title of “Factors Affecting the Promotion of Small Rural Food Industry Marketing in Tehran” at Islamic Azad University, Science and Research Branch of Tehran; thus, I appreciate from Islamic Azad University for creating this opportunity for me to perform the present research.

References:

- Kheikhah Asgarzadeh Mohammadzadeh (2010), Studying influence of marketing knowledge management on performance of organization at petrochemical industry of Iran, Shahid Beheshti University, Faculty of Accounting Management, Master’s Degree thesis on Commercial Management, Marketing Management
- Soltani Shohreh (2010), Designing pattern of promotion and innovation management among Small Rural Food Industry Marketing in Tehran, PhD Thesis for promotion and education of agriculture, Islamic Azad University, Science and Research Branch of Tehran, Faculty of Agriculture and Natural Resources
- Golani, Amir Mohammad, Seyed Hamid Khodad Hosseini, Mehran Rezvaei and Jahangir Yadollahi Farsi (2010), Concept with mixed marketing among Iranian small and medium size food industries, Perspective of Commercial Management, Issue.2, Payapei 35, Summer 2010, Page.27-42
- Statistical Center of Iran (2008), Summary of results of census of small industrial workshops in the year 2007, Publications of Statistical Center of Iran