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CONSUMERS' PREFERENCES IN PURCHASES OF ELECTRIC REFRIGERATORS

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Chapter I

INTRODUCTION

This research was designed for the purpose of determining the motivating factors which influence the purchase decision of the consumers of a certain brand among the various brands of refrigerators.

Among the various household durables, emphasis was put on refrigerators because they have recently been recognized as a need and not as a luxury item in Turkey; with resultant annual increasing sales volume and brand variety. This is indicated by the growth of the production figures of Arçelik refrigerators which accounted for 61 per cent of the sales in Istanbul in 1965.^{1/}

<u>Years</u>	<u>Production</u>
1960	1950
1961	6890
1962	22829
1963	36000
1964	37000
1965	35000

The levelling off of the production figures in the last 2 years is due to the recent introduction of new brands and the competition created in the market. The only existing brand in

^{1/} The figures are taken from a report prepared by the Sales Department of Arçelik Company to provide information for this research.
To provide an idea the figures of Arçelik company are taken because similar statistics for the other companies and for the industry are lacking.

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the market was Nurmetal before the introduction of Arçelik. The first introduction of Arçelik refrigerators was in 1960. After this date, the following 8 brands were introduced: AEG, Profilo, Ambra, Prestcold, Norge, Yuman, Crossley, and Singer.

Refrigerator industry started in Turkey after the prohibition of imports in 1954.^{1/} In 1965 the refrigerator industry consisted of 9 manufacturing factories and 15 brands. The manufacturing factories are Arçelik, Nurmetal, Profilo, Elektromarla, Somurkaş, Cihan Komandit, Ternal Sanayi, Stice and Şenocak. The brands that were available at the same period were Arçelik, Nurmetal, Ambra, Profilo, AEG, Norge, Singer, Prestcold, Crossley, Yuman, Elektrolux, Linde, Stice, Astur and Shining.

The following brands: Elektrolux, Astur, Linde, Stice and Shining were left outside the scope of this study because they were manufactured in very small quantities, their advertisements were almost non existing and they were not always available in the retail stores.

Because of the availability of a wide number of brands of different characteristics, consumers face a serious problem of choice. The brands differ from each other with respect to

^{1/} Official Gazette. Number 8809, September 24th, 1954

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price, credit terms, quality, inside partition, sizes, repair facilities and being local or foreign patents.

It is assumed that the consumer purchases a certain brand because, that certain brand possesses the characteristic or characteristics that carry the greatest importance for him. This can be a low price meeting his budgetary restraints or a high price associated with high quality by him; flexible or a wide range of credit terms from which he can choose the most appropriate term according to his ability to pay. The choice for sizes and inside arrangements are determined by the size of the family and by individual preferences. Although all the brands have the same service facilities, the service provided for some brands is faster. Finally, a discrimination may be made by the public between foreign and local brands.

The media through which the consumers obtain information about these various aspects as mentioned above are advertisements (radios, newspapers, magazines, cinemas, outdoor advertising and point of purchase advertising), acquaintances of the consumers, sellers, and consumers' own observations or past experience. Leaving out the consumers' own observations or past experience, the three sources of information are then, the advertisements, acquaintances of the consumers and the sellers.

Since the main theme of this consumer motivation survey is to identify the factors that consumers think as important in their selection of a brand and the sources of information

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under whose guidance they make their selection, emphasis in the questionnaire directed to the consumers is put on the questions concerned with: brand awareness, prices, credit terms, product factors (quality, inside partition, outside appearance, color, size etc.), service and guarantee, connotations of brand names, advertising, role of the retailer, and others' comments.

The results of this survey will be helpful to the manufacturers in determining their pricing policies and setting their profit margins, and terms of credit; in their annual redesigning of models, in improving quality, in determining the number and distribution of their retailers and in providing services and guarantees.

The same results are also needed by the advertising departments of the companies or advertising agencies. By knowing which factors are considered as important by the consumers, they would know which factors to emphasize more and be more efficient and influential in their advertising efforts.

Although in several of the western countries, especially in the USA, consumer motivation researches have gained a great popularity in recent times, such studies are rare in Turkey. Because people and institutions are unaccustomed to these surveys, there are several limitations to conducting a field research in Turkey. Institutions are hesitant to provide the necessary information - for example sales figures - and there is a lack of sufficient and reliable statistical data on the

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subject. In spite of these limitations this research was conducted as the first consumer motivation survey in the refrigerator industry of Turkey.

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Content of the Chapters

The first part of the chapter on methodology discusses the purpose of interviewing the manufacturers, the manufacturing firms interviewed and the method of interviewing used. Following this, the questionnaire used during the interviews with the manufacturers and the purposes of asking each of the questions are given.

The second part of the same chapter discusses the purpose of the interviews with the consumers, size of the sample, considerations in selecting the sample, and the method of selecting the sample. The questionnaire which is directed to the consumers is given with full explanations of the purpose of asking each of the questions.

The third part of the chapter discusses the difficulties met in conducting the survey.

The chapter on the Structure of the Industry discusses the nature of the brands manufactured, importation of component parts, variety of sizes and models manufactured, guarantee provided for the refrigerators, other household durables that exist under the same brand names, price levels in the industry, credit terms, distribution channels and advertising and sales promotion conducted by the companies in the industry.

The chapter on the results of the Research gives, in tables, the results obtained from the consumer motivation survey. In

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addition to illustrations with tables, explanations in relation to the results obtained are given.

The final chapter contains the conclusions derived from the results obtained. These conclusions relate to: public acceptance gained by the brands, distribution channels, advertising media to be used, the quality and quantity of the advertisements, and recommendations to the owning companies.

Questionnaire directed to the consumers is given in the Appendix.

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C h a p t e r I I

METHODOLOGY USED

The primary data required for this research were obtained by means of interviews conducted at two levels - the manufacturers and the consumers.

1. Interviews with the manufacturers:

Interviews with the manufacturers were made to get information about the various brands of refrigerators manufactured in Istanbul, the manufacturing companies, the industry, the price range, various ways in which competition is conducted channels of distribution, services and guarantees provided and advertising and sales promotion.

The information about the various aspects of the market for refrigerators, as mentioned above, provides adequate background knowledge for the proper planning and execution of the research as well as contributing to the preparation of the questionnaire that will be directed to the consumers. This information will also help the interpretation of the results obtained from the interviews with the consumers. The interviews show the various factors that different manufacturers consider as important in selling their products. The content of this information also presents the choices available to the consumers in the form of various brands with different

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attributes such as prices, credit terms, outlooks, inside partitions and qualities. Finally, a contact with the manufacturers was an essential part of the work to get the addresses of the consumers from whom the basic information of the thesis was obtained.

The manufacturers interviewed were Arçelik Company, Profilo Company and Nurmetal Company. Since complete information was not available at the manufacturers for Singer, Ambra and Norge refrigerators, information for Singer refrigerators was obtained from Singer Company, Turkey; for Ambra refrigerators from Üçken Koll. Company; for Norge from Libka Tic. A.Ş. ^{1/} Complete information about Arçelik refrigerators was obtained from Arçelik Company; about Profilo and AEG refrigerators from Profilo Company; about Nurmetal, Yuman and Crossley refrigerators from Nurmetal Company; and about Prestcold refrigerators from Met Sanayi Ltd. Company.

The manufacturers were approached without the use of a formal questionnaire. Although the interviews were in the form of an informal talk, the outline written below was followed in each interview in order not to miss some essential points

^{1/} The manufacturers of Singer, Ambra and Norge refrigerators manufacture these brands upon a contract arrangement and with annual orders. Their responsibility is limited only to manufacturing on given orders. For this reason, information concerning price policies, credit terms, distribution channels, services and guarantees and advertising policies was obtained from their representatives whose names are mentioned above in relation to the brands.

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which have vital bearing upon the problem, to avoid repetitions and to economize in time.

Since the period that the survey covers is between May 1st and August 31st of 1965 and only customers living in Istanbul are considered, the conditions prevailing about the products in Istanbul were examined during the period mentioned. The conditions before and any changes introduced afterwards were not taken into consideration.

Outline:

I. Brands manufactured

1. Brand names
2. First introduction to Turkish market
3. Other household durables manufactured under the same brand name
4. Sizes of the refrigerators
5. Inside partition and physical appearance
6. Prices
 - a) Retail cash prices
 - b) Credit terms
7. Guarantee and service

II. Channels of Distribution

III. Advertising and Sales Promotion

1. Newspaper advertising
2. Radio advertising
3. Cinema advertising
4. Outdoor advertising
5. Point of purchase advertising
6. Others
7. Advertising appeals used

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Part I of the interviews was designed to get information about the products.

The first three questions under part I,

1. Brand names
2. First introduction to Turkish market
3. Other household durables manufactured under the same brand name.

give the history of the product involving the knowledge of the general development of business, of inventions and patents and of the personality of the organization.

The next two questions

4. Sizes of the refrigerators
5. Inside partition and physical appearance

show the varieties manufactured and the competition carried in these lines by the manufacturers by offering various sizes of one brand to the market and by fully utilizing the inside space to meet the demands of the consumers.

The next item investigated is the

6. Price

A list of retail cash prices and of credit terms was obtained from the manufacturers which helped to determine the scope of price competition.

The last item investigated in Part I is

7. Guarantee and service.

This item investigates the guarantee provided for the brands and the services, - transportation and repairs - provided

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by the responsible companies and retailers.

Part II analyzes the channels of distribution through which the products move until they reach the customer and the ease with which the customer can find them in the market.

Part III of the interviews is confined to advertising and sales promotion to obtain information about the various media employed, dealer sales promotions, consumer sales promotions, promotion with special groups such as hotels, schools and other institutions and advertising appeals used.

2. Interviews with the Consumers:

Interviews with the consumers provide the means with which the hypotheses set for the thesis are tested.

Interviews were made with 100 consumers selected at random among the purchasers of refrigerators in Istanbul during May 1st and August 31st of 1965. The size of the sample is restricted to 100 because of the limitations of time spared for the interviews. The length of the period that could be spared for the interviews was only one month. Since exact sales figures were kept confidential by the manufacturing companies, the universe can not be determined definitely but it is estimated to be approximately 17000 refrigerators sold during this period.

The period of four months, between May 1st and August 31st, 1965, was selected in order not to extend the recall period into further past and also because May, June, July and August

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are the months when the sales volume of refrigerators is three fourths of the whole year.

The selection of the addresses of the consumers were made by random sampling from the consumer files kept by the companies. In Arçelik company, whose sales volume consists of 61 per cent of the total annual sales of refrigerators in Istanbul, each 20th card was selected from the files offered by the company. Any inappropriate selection such as an address in another province or one which did not fall within the time under consideration was not recorded. In such cases the next card was picked up. In rest of the companies with less sales volume, the selection was made again at random by selecting each tenth card.

100 interviews were allocated among the purchases of all brands of refrigerators under consideration in order to avoid bias in the conclusions and interpretations. Share of each brand in 100 interviews was determined by the approximate market share of that brand. The sizes of each brand manufactured were also considered and subdivisions were made in the number of interviews allocated to each brand according to the sales percentage of each size. The following table shows the allocation of 100 interviews among the 10 brands and their various sizes.

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Allocation of 100 Interviews Among the 10 Brands of Refrigerators

<u>Brands</u>	<u>Sizes</u>	<u>Number of Refrigerators</u>	
Arçelik	6.5 cu.ft.	7	
	8.0 cu.ft.	21	
	10.2 cu.ft.	30	
	12.5 cu.ft.	<u>3</u>	61
Singer	9.0 cu.ft.	3	
	11.0 cu.ft.	<u>5</u>	8
AEG	5.5 cu.ft.	0	
	7.0 cu.ft.	2	
	10.5 cu.ft.	<u>5</u>	7
Prestcold	9.6 cu.ft.	<u>4</u>	4
Norge	7.0 cu.ft.	2	
	9.0 cu.ft.	<u>2</u>	4
Crossley	8.5 cu.ft.	1	
	11.5 cu.ft.	<u>3</u>	4
Nurmetal	7.6 cu.ft.	1	
	10.2 cu.ft.	<u>3</u>	4
Ambra	9.0 cu.ft.	2	
	10.5 cu.ft.	<u>2</u>	4
Profilo	10.5 cu.ft.	1	
	11.5 cu.ft.	<u>1</u>	2
Yuman	8.5 cu.ft.	<u>2</u>	
			2
Total			<u>100</u>

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The questionnaire which is directed to the consumers is designed to test the influence of the factors which are assumed likely to motivate the consumers in buying certain brands of refrigerators. The translation of the questionnaire is given in the appendix. Following is the explanation of the purpose of each question contained in the questionnaire.

The first part of the questionnaire consists of classification data which involves questions about the respondent, respondent's family and the refrigerator owned by the respondent

Question 1. This question is designed to determine the brands of refrigerators which have gained wide public acceptance and have a strong emphasis in the memories. This question also shows the brands of refrigerators of which the consumers are aware and among which they have made their choice.

Question 2. The purpose of this question is to determine whether the unmentioned brands in the first question are recognized and if so to which products they are associated by the public.

Questions 3, 4 and 5 are asked to determine the brands of refrigerators which have built the strongest brand image in the minds of the public.

By Question 6, the attributes attached to the brands which have gained wide public acceptance are sought. The attributes mentioned also indirectly indicate the factors that motivate the

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consumers most.

Question 7. Although all the refrigerators listed are manufactured locally, Arçelik, Profilo and Nürmetal are domestic patents whereas the rest are manufactured with foreign patents. The answers to this question indicate whether this fact is known by the public or not and whether this difference can be considered as one of the motivating factors.

Questions 8 and 9 are related to each other and are asked to find out the factors why people do not buy the brand that they prefer most. Question 9 is conditional and is asked if the brand that is most preferred is not purchased by the consumers.

Question 10. The answers to this question will show the media through which the public becomes aware of the brand names.

Question 11. The factors which are pointed out in the answers show directly the media that are most influential on the selection of the consumers of a certain brand.

Question 12. This question is designed to find out whether the consumer decides on the basis of the information he gathers from the various sources such as advertisements, recommendation of the acquaintances and etc. or does he also give consideration to the particular seller's opinion.

Question 13 tries to find out the influence of the seller's position on the consumers.

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Questions 14, 15 and 16 test the influence of the prices as a motivating factor on the selection of the brand.

Questions 17, 18, 19 and 20 related to the credit terms offered for various brands test the influence of this factor on the selection of the brand.

Questions 21 and 22 test the appearance of the refrigerators as a motivating factor in the selection of the brand.

Questions 23, 24, 25, 26 and 27 investigate the opinions of the consumers about the inside features of the refrigerators and ask recommendations for any changes or additional parts which can be used for designing new models.

Questions 28 and 29 are asked to differentiate among the qualities of the various brands. There is a rumor among the refrigerator consumers in Turkey that plastic coating makes an odor and enamel is high quality. Since the majority of the consumers are uninformed about the technical aspects, the judgement is asked to be made on this basis.

Questions 30, 31 and 32. Although the same guarantee is offered for all the brands in Turkey, these questions are asked to judge the awareness of the public concerning this fact and the influence of this fact on the motivation.

Questions 33 and 34 are asked to find out the effect of the service and repair facilities on the motivation of the consumers.

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Question 35 is designed to find out whether there has been a change in the value judgement of the consumers since the time of their purchase.

3. Difficulties Faced in Conducting the Survey

In order to gain the confidence of the manufacturers, a formal letter was obtained from the school explaining the purpose of the research. After showing this paper to the authorities in the companies, no difficulty was involved in obtaining the necessary information except some sales figures which are kept confidential by the companies.

The most time consuming part of the interviews with the consumers was failure to locate people because they had changed residence. In such cases, the consumer was substituted with another consumer whose address was available in an additional list which was to be used under such circumstances.

The attitudes of the interviewees towards the questionnaire was favorable in general. A few of the housewives were hesitant to answer and they deferred to their husbands. A few other consumers interviewed were too eager to answer all the questions in detail insisting that the interviewer was sent to them by the manufacturers although the case was explained to them fully and correctly.

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Chapter III

STRUCTURE OF THE INDUSTRY

1. Nature of the brands manufactured:

The refrigerator industry in Turkey was first established in 1958 with Nurmetal. The other brands were gradually introduced to Turkish market, as manufactured in Turkey. Among the brands under consideration, AEG, Norge, Prestcold, and Crossley were available in Turkish market by means of imports before the establishment of this industry.

The refrigerators manufactured in Turkey can be classified in two groups, as local or foreign patents. Nurmetal, Arçelik and Profilo are local patents introduced to Turkish market in 1958, in 1960 and in 1962, respectively. Arçelik refrigerators are manufactured by Arçelik company; Nurmetal refrigerators by Nurmetal factory; and Profilo refrigerators by Profilo company.

Rest of the brands under consideration - Singer, AEG, Ambra, Prestcold, Norge, Crossley, and Yuman, are foreign patents manufactured under licensing agreements. Singer refrigerators which are owned by Singer company (American) were first introduced to Turkish market in 1963. These refrigerators are manufactured by Profilo company with a contract arranged between the Turkish branch of Singer company and Profilo company.

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The contract is renewed once in every two years. AEG refrigerators which are owned by AEG company (German) were first manufactured in Turkey in 1961. Profilo company is licensed by AEG company for 12 years to manufacture AEG refrigerators. Ambra refrigerators are also manufactured by Profilo company by arranging separate contracts for each party to be manufactured annually. The contracts are made between Uçken Ticaret A.Ş. which is the representative and distributor of Ambra refrigerators and Profilo company. Ambra refrigerators were first introduced to Turkish market in 1962. Prestcold refrigerators which have an English patent are manufactured by Ternal Sanayi and Ticaret Ltd. company since 1960. Ternal Sanayi and Ticaret Ltd. company is licensed to manufacture this brand. Yuman refrigerators are Italian whose patent is purchased by Nurmetal company. Yuman refrigerators were first introduced to Turkish market in 1961. Norge refrigerators which have an American patent are manufactured by Nurmetal company upon contract arrangement for each party to be manufactured. The contracts are made with Libka A.Ş. which is the representative and distributor of Norge refrigerators. The manufacture of the Norge refrigerators started in 1961 in Turkey. Finally, Crossley refrigerators are American and are manufactured by Nurmetal Company since 1962 with a contract which is renewed every year.

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2. Import of components:

Of the materials and component parts used in the manufacturing of refrigerators in Turkey, 30 per cent are imported. ^{1/} The imported parts are the closed system, inside coating of the door and the body, and isolation materials. Since quota system is employed by the State for the importation of industrial materials, this limitation as well as the demand of the market is considered in planning the annual supply of the refrigerators by the companies.

Since large size refrigerators are preferred more by Turkish market, manufacturers put more stress on the production of large size refrigerators as will be seen in the following table. The practice of trading old refrigerators for the new ones does not exist in Turkey.

3. Variety of sizes and models manufactured:

There are various sizes of refrigerators manufactured under the same brand name; some of them varying from each other with respect to some of their characteristics which will be explained later. The following table shows the sizes manufactured for each brand.

^{1/} Report prepared by Sales Dept. Arçelik Company.

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Table I
Sizes Manufactured for each Brand

<u>Brands</u>	<u>Sizes</u>
Arçelik	6.5 cu.ft. 8. cu.ft. 10.2 cu.ft. 12.5 cu.ft.
Singer	9.0 cu.ft. 11.5 cu.ft.
AEG	5.5 cu.ft. 7.0 cu.ft. 10.5 cu.ft.
Norge	7.0 cu.ft. 9.0 cu.ft.
Prestcold	9.6 cu.ft.
Nurmetal	7.6 cu.ft. 10.5 cu.ft.
Ambra	9.0 cu.ft. 10.5 cu.ft.
Crossley	8.5 cu.ft. 11.2 cu.ft.
Profilo	10.5 cu.ft. 11.5 cu.ft.
Yuman	8.5 cu.ft.

Source: Interviews with the companies.

Inside partitions and physical appearance of the refrigerators closely resemble each other with minor differences. Color on the outside of all the refrigerators is white. The only differences in the outside appearance are the forms of

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writing the brand names and the models of the door handles.

Inside partitions change with the brands and different models of each brand. Although appearance and places of the inside partitions vary, they all serve the same purpose. Inside parts of all the doors are fully utilized having 1, 2 or 3 shelves (changes with the size of the refrigerators) for all size bottles. There are separate compartments for butter and cheese and at least one closed compartment for other kinds of food. There are also separate compartments for eggs; their number varying between 8 and 26. Only 6.5 cu.ft. Arçelik refrigerators lack compartments for eggs. All of the refrigerators have vegetable and fruit storage compartments whose capacity depend again on the size of the refrigerators. These compartments are full width in Arçelik, Prestcold, Ambra, Norge, Profilo 10.5 cu.ft. and AEG 5.5 cu.ft. In all the rest, there are two half width compartments put side by side at the bottom. The number of removable shelves again differ with the sizes. The smallest refrigerator manufactured which is 5.5 cu.ft. AEG has only one removable shelf; 6.5 cu.ft. Arçelik has two and the rest have 3 or 4 according to their sizes. Except 6.5 cu.ft. Arçelik, all the rest of the refrigerators have full width freezers at the top. The freezer of this model is half size beside which there is a shelf for bottles.

All of the refrigerators have automatic interior light and semi-automatic defrost. The doors of the refrigerators

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are magnetic permitting opening from inside except the door of Ambra refrigerators. Ambra refrigerators ^{which} are locked ^{are} preferred for use in drugstores and in homes with children. The doors of Norge and Profilo 10.5 cu.ft. refrigerators have pedals at the bottom of the door permitting opening with foot when the hands are full.

The smallest model of Arçelik which is 6.5.cu.ft. is colored pink inside. The next two models which are 8.0 cu.ft. and 10.2 cu.ft. have a gray body and inside of the door is blue. The largest model is white inside and its door is green. Insides of the first three models are plastic and the largest size model is enamel.

Inside of the two models of Singer refrigerators is enamel. The accessories are colored light green, blue and gray.

Inside of the three models of AEG refrigerators is enamel and the accessories are light blue and gray.

All sizes of Profilo refrigerators are enamel inside. The accessories are colored blue and gray.

Norge refrigerators are enamel inside and accessories are blue and green.

Inside of Ambra refrigerators is pink or white enamel with red accessories.

Prestcold single size refrigerators are either pink or blue enamel inside.

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Both models of Nurmatal refrigerators are plastic. The accessories are green and blue. The inside coating of Yuman and Crossley refrigerators are enamel. The colors used are green and white for Yuman and blue and pink for Crossley.

4. Guarantee provided for the refrigerators:

Guarantee provided by all the manufacturers is 5 years for the motor and one year for any other part provided that the breakage is not the fault of the user. The services provided by the manufacturers consist of the free repair of the parts during the guarantee period. Technicians are sent to homes upon notice and the parts are repaired at the homes. If repair is not possible at homes, the refrigerators are carried to the factories, all the expenses being paid by the manufacturer. The transportation expenses for the delivery of the refrigerators to homes after being bought belong to the consumer.

5. Other household durables that exist under the same brand names:

Under the same brand name, other household durables exist in the market which provide a possibility for the brand names to be more widely heard in the market. The following table shows the household durables that exist under the same brand names with the refrigerators.

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Table 2

Variety of Household Durables that Exist
Under the Same Brand Names

<u>Brand names</u>	<u>Other Household Durables</u>
Arçelik	washing machines gas heaters water gas heaters
Singer	washing machines radios gas heaters sewing machines knitting machines
AEG	washing machines
Profilo	washing machines
Norge	washing machines
Ambra	washing machines
Prestcold	washing machines
Nurmetal	washing machines

Source: Interviews with the companies

6. Price Levels in the Industry:

The prices of all the refrigerators are given in a comparative table below:

Table 3
Prices in the Industry
(in TL)

Sizes of Refrigerators	Arçelik	AEG	Brands of Refrigerators							
			Singer	Norge	Profilo	Prestcold	Ambra	Nurmetal	Yuman	Crossley
5.5 cu.ft.		2050								
6.5 " "	2100									
7.0 " "		3100		3200						
7.6 " "								2380		
8.0 " "	2500									
8.5 " "									2800	2900
9.0 " "			3120	4000			3500			
9.6 " "						3250				
10.2 " "	2900									
10.5 " "		3850			3100		4000	2860		
11.2 " "										3200
11.5 " "			3450		3400					
12.5 " "	3250									

Source: Interviews with the companies

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Since the sizes of the brands manufactured are not similar a definite comparative statement concerning the rank of the brands with respect to their prices can not be given. But as seen from the comparative table the lowest priced brands are Nurmetal and Arçelik and the highest priced brands are AEG, Ambra and Norge mentioned in the order from the lowest priced to the highest priced one. Rest of the brands rank in the middle with minor price differences.

7. Credit terms:

The credit terms offered for different brands vary as seen from the tables and explanations given below.

Table 4

Credit Terms Offered for Various Brands and Sizes

Credit terms offered for Arçelik (T.L.)

6.5 cu.ft.

Advance payment	185	500	750	1000
Maturity at the end of				
17 months	2600	2560	2490	2415
15 "	2590	2500	2445	2380
12 "	2500	2435	2380	2330
9 "	2400	2355	2315	2275
6 "	2315	2280	2250	2225
3 "	2220	2200	2185	2170

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8 cu.ft.

Advance payment	225	500	750	1000	1500	2000
-----------------	-----	-----	-----	------	------	------

Maturity at the
end of

17 months	3200	3115	3040	2960	2810	2655
15 "	3120	3045	2980	2910	2775	2635
12 "	3005	2945	2890	2835	2720	2610
9 "	2890	2840	2800	2755	2670	2585
6 "	2770	2740	2710	2680	2620	2560
3 "	2655	2635	2620	2600	2570	2535

10.2 cu.ft.

Advance payment	300	500	750	1000	1500	2000
-----------------	-----	-----	-----	------	------	------

Maturity at the
end of

17 months	3700	3640	3560	3485	3330	3175
15 "	3610	3555	3490	3420	3285	3145
12 "	3480	3435	3380	3320	3210	3100
9 "	3345	3310	3270	3225	3140	3055
6 "	3210	3190	3160	3130	3070	3010
3 "	3075	3065	3045	3030	3095	2960

12.5 cu.ft.

Advance payment	275	500	750	1000	1500	2000
-----------------	-----	-----	-----	------	------	------

Maturity at the
end of

17 months	4100	4050	3995	3940	3800	3675
15 months	4005	3960	3910	3865	3765	3665
12 "	3865	3830	3790	3750	3670	3590
9 "	3720	3695	3665	3635	3570	3510
6 "	3580	3560	3540	3520	3475	3435
3 "	3440	3430	3415	3405	3380	3355

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Credit terms offered for Singer refrigerators

11.5 cu.ft.

Advance payment	300	400	500	600	750	1000	1500
Maturity at the end of							
17 months	4130	4110	4085	4065	4035	3980	3870
15 "	4055	4035	4015	3995	3970	3920	3825
12 "	3940	3925	3910	3895	3870	3830	3755
9 "	3830	3815	3805	3790	3445	3745	3685
6 "	3715	3705	3700	3690	3655	3635	3615
3 "	3600	3595	3590	3585	3570	3560	3545

9.0 cu.ft.

Advance payment	300	400	500	600	750	1000	1500
Maturity at the end of							
17 months	3750	3710	3685	3665	3630	3580	3470
15 "	3660	3640	3625	3605	3575	3525	3430
12 "	3560	3545	3530	3515	3490	3450	3370
9 "	3460	3445	3435	3420	3405	3375	3315
6 "	3355	3350	3340	3330	3320	3300	3255
3 "	3255	3250	3245	3240	3235	3220	3200

Credit terms offered for AEG
refrigerators (TL)

5.5 cu.ft.

Advance payment	300
Maturity at the end of	
17 months	2365
15 "	2325
12 "	2295
9 "	2225
6 "	2155
3 "	2100

7 cu.ft.

Advance payment	300
Maturity at the end of	
17 months	3900
15 "	3810
12 "	3680
9 "	3545
6 "	3410
3 "	3275

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10.5 cu.ft.

Advance payment	300
maturity at the end of	
17 months	4590
15 "	4520
12 "	4450
9 "	4305
6 "	4165
3 "	4055

Credit terms offered for Profilo
refrigerators (TL)

10.5 cu.ft.

11.5 cu.ft.

Advance payment	300
maturity at the end of	
17 months	3900
15 "	3810
12 "	3680
9 "	3545
6 "	3410
3 "	3275

Advance payment	300
maturity at the end of	
17 months	3917
15 "	3830
12 "	3705
9 "	3578
6 "	3460
3 "	3375

Source: Interviews with the companies

For Norge refrigerators terms of credit are set according to the ability of the consumer to pay and the guarantee he provides. Thus, flexibility is given to the retailers.

For Ambra refrigerators the minimum advance payment is 250 TL, the length of the payment period changes according to

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the ability of the consumer to pay. When sold on credit the price of 9 cu.ft. refrigerators becomes 3700 TL and 10 cu.ft. refrigerators 4200 TL.

Prestcold refrigerators are sold for 4000 TL on credit, advance payment being 400 TL and the monthly installments ending in 14 months.

Nurmetal refrigerators, size 7.6 cu.ft. are sold at 3030 TL on credit, payable in 16 months, advance payment being 300 TL. 10.5 cu.ft. Nurmetal refrigerators are sold at 3500 TL on credit, payable in 16 months, advance payment being 300 TL.

Yuman refrigerators are sold at 3200 TL on credit, payable in 16 months, advance payment being 250 TL.

Crossley 8.5 cu.ft. refrigerators are sold at 3300 TL on credit, payable in 16 months, advance payment being 300 TL. 11.2 cu.ft. Crossley refrigerators are sold at 3800 TL on credit, payable in 16 months, the advance payment being 300 TL.

As seen from the tables and explanations, although the credit terms are fixed by the companies for Singer and Arçelik refrigerators, the variety of the amounts of advance payments and the number of months for payment provide a wide range from which the consumer can choose the one that suits best to his budget. There are 7 types of advance payments for Singer refrigerators varying between 300 TL and 1500 TL for both sizes; monthly installments payable in 17, 15, 12, 9, 6 or 3 months.

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There are 4 types of advance payments for Arçelik 6.5 cu.ft. refrigerators varying between 185 and 1000 TL; monthly installments payable in 17, 15, 12, 9, 6 or 3 months. Advance payments for larger three models of Arçelik refrigerators are of 6 types varying between 225 - 2000 TL, 300 - 2000 TL and 275 - 2000 TL respectively; monthly installments payable in 17, 15, 12, 9, 6 or 3 months.

There is only one type of advance payment for AEG and Profilo refrigerators which is 300 TL; monthly installments payable in 17, 15, 12, 9, 6, or 3 months.

For Prestcold, Nurmetal, Yuman and Crossley refrigerators the credit terms are rather rigid; the advance payments being 400 TL; 300 TL; 250 TL and 300 TL respectively; Prestcold payable in 14 months and the remaining three, in 16 months.

For Norge and Ambra refrigerators the terms of credit are flexible, changing according to the ability of the consumer to pay.

8. Distribution channels:

The distribution channel of all the brands of refrigerators is similar to each other with minor differences. In general, the distribution channel is manufacturer - distributor - retailer.

Burla Brothers and Partners and Koç Groups are the two distributors of Arçelik goods who distribute in the same market

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area. Each distributor's share of the production is 50 per cent. With the cooperation of Arçelik company and these two distributors, number of retailers in each province is determined taking into consideration social, economic and geographical factors. These retailers may not sell the competitive goods of other firms; they carry only Arçelik products in their lines. They are allowed to sell non competing goods of the other firms. Wholesaling by these retailers is prohibited. Arçelik retailers are tied to the company with a contract. There are 93 of these retailers distributed to the various districts in Istanbul.

Singer refrigerators manufactured in Profilo company are distributed by Singer company which is the owner of Singer refrigerators. Singer Company owns a total of 8 dealers who act as retailers in the following districts of Istanbul: Kadıköy, Beyazıt, Fındıkzade, Beyoğlu, Pangaltı, Teşvikiye, Kadıköy and Bahariye (Kadıköy). These 8 dealers sell only Singer products. Apart from these, there are 80 retailers in Istanbul where singer refrigerators are sold. These retailers may sell any other brand of refrigerator along with this brand.

Distribution of AEG and Profilo refrigerators which are manufactured by Profilo company is done by Grunberg Tic. A. Şt. These refrigerators are sold at retail stores which are about 60, distributed throughout Istanbul. The retailers are allowed to sell any other brand of refrigerator along with AEG and

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Profilo refrigerators.

Norge refrigerators manufactured in Nurmetal factory are distributed by Libka A.Ş., which is also the representative of Norge products. The refrigerators are sold by 40 retailers in Istanbul. The retailers which sell Norge products may also sell any other competing goods.

Ambra refrigerators which are manufactured by Profilo company are distributed by Uçken Ticaret. Number of retailers which sell Ambra refrigerators is not known since they may change at any time.

Prestcold refrigerators manufactured by Ternal Sanayi and Ticaret Ltd. company are distributed by Met Sanayi and Ticaret Ltd. Company. There are 60 retailers distributed to the various districts of Istanbul which sell Prestcold refrigerators.

Distributors of Nurmetal, Crossley and Yuman refrigerators which are manufactured by Nurmetal Company are the following, respectively: Nurelektrik Company, Elektriika Company and Arşimidis Company. The retailers who sell these brands of refrigerators are allowed to sell other competitive products also. Since the number of retailers are not fixed and changes frequently over time, a definite number is not mentioned; an approximate figure is 40 retailers.

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9. Advertising and Sales Promotion:

The media used and the frequency of advertising done for the brands in the industry vary with the policies of the companies and the expenditures allocated for this purpose.

Arçelik company runs a very wide advertising campaign for Arçelik refrigerators. Newspaper advertising absorbs 55 per cent of the total expenditures for advertising because of its quick communication and easy control. Advertisements are given to the daily newspapers which have the largest circulation. These are; Hürriyet, Milliyet, Cumhuriyet, Akşam, Tercüman and Son Havadis. Advertisements appeared in these newspapers once in every two days. The advertisements change in size but all of them are large enough to be easily recognized. Magazines are used as a medium to a smaller extent; they cover 5 per cent of the advertising expenditures. The magazines used for this purpose are Hayat and Ses.

Radio advertising was done over Istanbul, Ankara, Izmir, Van and Erzurum radios.

Advertising in cinemas was done in winter months of 1965. Apart from this, there were no advertising in summer months of 1965 in the cinemas.

Outdoor advertising consisted of posters, sign boards on the streets, and one lighted advertisement. There are 100

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of four sheet posters, 70cm x 100cm each showing the four models of refrigerators with their doors open. These posters were placed in Kadıköy, Uskudar, Beyazıt, Fatih, Aksaray, Eminönü, Sirkeci, Karaköy, Beyoğlu, Taksim, Osmanbey, Beşiktaş and Ortaköy. Sign boards were in Sirkeci, Pangaltı, Dolmabahçe, Aksaray, Bakırköy and Ankara road. Posters and sign boards were not lighted except the one in Ankara road which was lighted with a reflector. The only lighted advertisement (spectacular) was in Vatan Caddesi. There were three lighted show cases at the entrance of three cinemas which are Renk, Rüya and Kulüp.

Among the point of purchase advertising there were small pamphlets, display cartons, plastic reproductions of the product and boxes in which there were changing scenes produced with a light game showing how the products are moved and of the factory.

Apart from these, advertisements were also given to school books and periodical technical publications. During the first month of each year calenders, blocknotes, ashtrays, pens and various other presents were distributed to the retailers to be given to expected future customers.

The slogan used in the advertisements is "Superior quality - Right price - Real guarantee".

The advertising carried on by Singer company for Singer refrigerators was not continuous in every medium and smaller

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variety of media were employed. The newspaper advertising was carried on only in the following newspapers: Cumhuriyet, Milliyet and Hürriyet in the months of April, May and June. During these months, only four advertisements appeared in the newspapers. One in Milliyet, one in Cumhuriyet and two in Hürriyet.

Radio advertising during the summer months of 1965 was done in Istanbul and in Ankara radios twice a day.

Point of purchase advertising consisted of carton displays and pamphlets. There were also wall calenders which were distributed to retailers to be given to the expected future customers, schools and institutions.

There are no magazine, cinema and outdoor advertising.

The slogan used in the advertisements is "Singer in every home and in every activity".

Advertising activities for AEG refrigerators were rather limited compared to Arçelik refrigerators. Newspaper advertising for AEG was carried on in Hürriyet, Cumhuriyet, Milliyet and in two evening papers. The advertisements appeared in any one of the newspapers almost everyday.

Advertisements were shown for AEG refrigerators during the summer months of 1965 in the cinemas in Beyoğlu.

Outdoor advertising consists of sign boards in Arnavutköy,

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Köprü, Pangaltı, Taksim and Dolmabahçe.

Point of purchase advertising consisted of pamphlets, pocket notebooks and calanders which were distributed to retailers to be given to expected future customers.

The slogan used in the advertisements is "Refrigerator of every home".

Two contests were prepared for AEG retailers during the summer of 1965. The first one was to select the retailer who sold the largest number of refrigerators during a given period. The retailer who won the contest received back the total value of the refrigerators he sold. The second contest was both for AEG and Profilo retailers. The contest consisted of answering a series of questions correctly concerning the consumers and the products. The retailer who gave the best answers was sent to Germany for a week.

For Profilo refrigerators newspaper advertising was carried on in Cumhuriyet, Hürriyet and in two evening newspapers. The advertisements appeared in any one of the newspapers once in two days.

During the summer months of 1965, radio advertising was done in İstanbul, Adana and Ankara radios, on the average four times a week.

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Advertising in cinemas was done during the winter months of 1965 in Istanbul.

Outdoor advertising consisted of sign boards located in Levent, Taksim and Cihangir.

Apart from these, pens, ash trays, blocknotes, and coffee cups were distributed to the retailers to be given to the expected future customers.

The slogan used in advertising is "Cools most rapidly".

Advertising for Norge refrigerators was carried on only in newspapers, magazines, and in the radios. Newspaper advertising was carried on in Cumhuriyet, Milliyet and Hürriyet. Advertisements also appeared in Ses and Hayat magazines.

During May, June and July radio advertising was done in Istanbul and Ankara radios twice a day.

The slogan used in the advertisements is "Experience of the years".

The advertisements done for Ambra refrigerators are also limited to newspapers and radios. Hürriyet, Milliyet and Cumhuriyet newspapers were used for advertisements 2 or 3 times a week.

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Radio advertising was done in February, July and in August during 1965 once or two times a day in Istanbul and Ankara radios.

Apart from these two media employed, ash trays were distributed to the retailers to be given to expected future customers.

The slogan used in the advertisements is "As elegant as a diamond, as strong as a diamond".

Newspaper advertising for Prestcold refrigerators was also limited to Milliyet, Hürriyet and Cumhuriyet newspapers; appearing in these papers only on Sundays and on special holidays.

Radio advertising was done in the summer months of 1965 which was repeated 3 times a day in Istanbul radio.

Cinema advertising was done during the summer months of 1965 in 24 cinemas in Istanbul.

Outdoor advertising consists of umbrellas for sun in the cafés on the Bosphorus, in Kadıköy and Yeşilköy.

Point of purchase advertising consists of display cartons, lighted advertising and calendars. Apart from these, pens, handbags and pocket calendars were distributed to the retailers

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to be given to the expected future customers.

The slogan used in the advertisements is "Refrigerator of the Royal Family".

The advertisements for Nurmetal and Yuman refrigerators were given in Cumhuriyet, Milliyet, Hürriyet, Tercüman and Akşam papers. The advertisements appeared in these papers once in two days for Nurmetal refrigerators and once or twice a month for Yuman refrigerators. Other media are not used for Yuman refrigerators.

Point of purchase advertising for Nurmetal refrigerators consisted of pamphlets and plexi glass.

Outdoor advertising consisted of signboards on the streets and posters in Dolmabahçe, Barbaros Avenue and Esentepe.

Apart from these, key holders, calendars, booklets and pens were distributed to the retailers.

Advertisements for Crossley refrigerators were given in all the daily newspapers once in 2 or 3 days. Radio advertising during the summer months of 1965 was done 2 or 3 times a day in Istanbul and Ankara radios. Point of purchase advertising consists of pamphlets and calendars in the retail stores. There is no specific advertising appeal used for this brand.

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Chapter IV

RESULTS OF THE RESEARCH

The first five questions in the questionnaire put emphasis on brand recall, brand association and brand image. The answers to these questions show that Arçelik is the only brand of refrigerator which has gained the widest public acceptance.

Table 5 presents the answer of question 1. which asks the consumers to mention the names of the refrigerators that come to their mind first.

Table 5
Brand Recall for Refrigerators

<u>Brands</u>	<u>Number of Recalls (in percentage)</u>
Arçelik	95
AEG	49
Singer	29
Prestcold	28
Nurmetal	25
Ambra	16
Norge	11
Profilo	8
Crossley	7
Yuman	0

Number of recalls made for each brand of refrigerator indicate the degree of public acceptance gained by these brands. Arçelik which occupies the strongest position in the

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market for refrigerators with its 61 per cent share of Istanbul market was mentioned by 95 per cent of the respondents. The next brand in the list, AEG, was mentioned by 49 per cent of the respondents with a difference of 46 recalls between itself and Arçelik. The following brands recorded recalls fairly close to each other. The figures for these brands decreased in close relation with the amount of advertising done by the companies for each brand as discussed in Chapter 3.

The reasons for the high recall figure for Arçelik refrigerators can be explained by several factors, the most valid one being the volume of advertising carried by Arçelik company for Arçelik refrigerators. The expenditures allocated for advertising by Arçelik company was 4.000.000 TL ^{1/} whereas each of the rest of the companies kept their advertising expenditures below 500.000 TL. ^{2/} The great variety of the media used by and the frequency of appearance of the advertisements of Arçelik refrigerators in these media since 1960 in comparison to the other brands as discussed in Chapter 2 made this brand widely known in the market.

^{1/} Report prepared by Sales Department of Arçelik Company to provide information for this Research.

^{2/} Interviews with manufacturers.

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Column I of Table 6 shows that 90 per cent of the respondents, giving the correct answer, said that Arçelik is the brand which is advertised in the largest volume. Which means that the public is aware of the volume of advertisements done for each of the refrigerators. This result showing that the respondents are aware of the advertisements gives strength to the argument concerning the influence of the advertisements on the brand recall.

Table 6

Image Created for the Brands as to the Volume
of Advertisements Done for Them, Their Sales
Volume and the Capacity of Their Manufacturers
(as percentages)

<u>Brands</u>	(1) <u>Advertised in largest volume</u>	(2) <u>Sold in largest volume</u>	(3) <u>The largest manufacturer</u>
Arçelik	90	97	97
AEG	6	2	1
Singer	1		
Prestcold	1	1	2
Nurmetal	2		

Source: Responses to questions 3, 4 and 5.

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The reflection of the correct information to the public that Arçelik is the brand which is sold in the largest amount (Column 2 of Table 6) and that its manufacturer is the largest company in the industry (Column 3 of Table 6) also influences the high recall figure for Arçelik refrigerators. A reason that gives strength to the above argument is that as well as 98 per cent of the respondents who own Arçelik refrigerators, 89 per cent of respondents who own other brands of refrigerators mentioned Arçelik refrigerators in the brand recall. ^{1/} The result that the recall figure for Arçelik refrigerators was not obtained only from the Arçelik owners but also from a 89 per cent majority of the owners of other brands show the strong influence of advertising on the public, and of the image created for Arçelik refrigerators that they are the refrigerators sold in the largest volume in the market and that they are the largest manufacturers in the industry.

The third and fourth factors which influence the recall figures positively are the variety of the products present in the market under the same brand name, helping the publicity of the brand name in general, and the emphasis put on any

^{1/} Percentages are obtained from a different tabulation of Table I.

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of these products by means of advertisements, helping the publicity of the product in particular.

Table 7

Brand Association
(as percentages)

Brand	(1) identified as refrigerators	(2) identified as some other product	(3) do not recognize
Arçelik	99	1	0
AEG	88	7	5
Prestcold	84	6	10
Norge	73	6	21
Ambra	60	5	35
Nurmetal	59	30	11
Profilo	51	6	43
Singer	44	56	0
Crossley	40	10	50
Yuman	18	11	71

Source: Responses to Question 2

If we apply the above argument to the two brands Arçelik and Singer which have the largest variety of products in the market (see Table 2) and which have no records of being unrecognized as brands (see Table 7, Column 3), we arrive at the following conclusions: among the most important factors which helped Arçelik refrigerators to record the largest recall figure was the availability of three other products - washing machines, gas heaters, and water gas heaters - under the same brand name in the market. The availability of these

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products helped the publicity of the brand name in general, and the special emphasis that the company put on the refrigerators, by means of advertisements, helped the association of the brand name with the refrigerators, in particular. It is seen in the 1st column in Table 4 that 99 per cent of the respondents associated Arçelik brand name with refrigerators. While the availability of a large number of products besides refrigerators - sewing machines, knitting machines, radios, gas heaters and washing machines - increased the publicity of Singer as a brand name in general, the generality of the advertisements in some cases, and in others more emphasis being put on the sewing machines reduced the number of recalls for Singer refrigerators to 29 per cent (see Table 5). The advertising policy of the company also reflects itself in Table 7. As seen in this table, brand name Singer was associated with refrigerators by 42 per cent, with sewing machines by 54 per cent, with washing machines by 2 per cent and with gas heaters by 2 per cent of the respondents. Another reason for the high percentage of association of Singer brand name with sewing machines is the introduction of Singer brand name to Turkish market by sewing machines more than half a century ago while Singer refrigerators were only introduced in 1963 with a very limited advertising campaign.

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The following 3 brands in Table 7 - AEG, Prestcold and Norge record the highest number of associations with refrigerators, 88,84 and 73 per cent, respectively while their recall figures are as low as 49, 28 and 11 per cent, respectively (Table 5). The high figures of association to refrigerators of these brands are the results of their long period of existence in Turkish market. These brands were available in Turkish market by means of imports before the establishment of the refrigerator industry in Turkey. The low percentage of recalls for these brands are due to the very little advertising done for them. The remaining four brands in the list with the highest percentage of being unrecognized are the following: Yuman 71 per cent, Crossley 50 per cent, Profilo 43 per cent and Ambra 35 per cent. The high percentages of unrecognition are again due to the weak advertising campaign run for them.

Role of the organization of the distribution channels is also important in obtaining a high recall figure. The retailers which sell Arçelik refrigerators are 93 distributed throughout Istanbul selling no competing products and keeping Arçelik products as the center of interest in their stores and store windows. All the rest of the brands of refrigerators are sold in 80 (Singer has 80 retailers) and in less than 80 retail stores together with several competing products in the stores.

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A minor factor which might have influenced the high recall figure for Arçelik refrigerators is that Arçelik refrigerators have local patents and as a result the brand name is Turkish - easy to pronounce and easy to remember.

Although all the brands of refrigerators are manufactured in Turkey, Arçelik, Nurmetal and Profilo are manufactured with domestic patents whereas rest of the brands are manufactured with foreign patents. This situation is recognized by the public as seen in the following table.

Table 8

Recognition of the Various Brands of Refrigerators
as Domestic or Foreign Products (in percentages)

<u>Brand</u>	<u>Recognition as Domestic Products</u>
Arçelik	52
All the brands	37
Nurmetal	14
Singer	1
AEG	1
Profilo	

Source: Responses to question 7

In 52 per cent of the responses Arçelik was mentioned as a domestic product. In 37 per cent of the responses all the brands of refrigerators were called domestic products. Nurmetal was mentioned as a domestic product in 14 per cent

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of the responses. Singer, AEG and Profilo were mentioned only in 1 per cent of the cases each. Although Arçelik was mentioned as a domestic product by Arçelik owners in 18 per cent of the cases more than the owners of other brands, no strong argument can be made that the large sales volume of Arçelik refrigerators which is 1.5 times more than the total of the other brands is due to the fact that Arçelik is known as a domestic product by 52 per cent of the public.

It is observed from table 8 that only 37 per cent of the respondents are aware of the fact that all the brands of the refrigerators are manufactured locally. The recognition of the brands as domestic products by the public would reflect the true nature of the refrigerator industry in Turkey. Since, high quality refrigerators manufactured locally are offered to the market, the recognition of the fact that they are manufactured locally will increase the confidence of the public towards the domestic industry and thus encourage the increase of the sales volume of the domestic refrigerators.

The medium through which the public learns about the existence of the products is to a large extent advertisements as seen in Table 9. In 71 per cent of the cases the respondents got acquainted with the refrigerators through advertisements.

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Table 9
Role of Various Media in Brand
Awareness

<u>Media</u>	<u>Responses (percentage)</u>
Advertisements:	71
Press	55
Radio	35
Point of Purchase	8
Cinema	7.2
Outdoor	3.8
Acquaintances of the Respondents	20
Sellers	9

Source: Responses to question 10

If we divide the advertisements among the various media it is seen that the press played the most effective role in communicating the advertisements, due to its intense coverage. 35 per cent of the respondents mentioned radio although radio advertising is employed less by the companies which means one can get more impact per Lira spent for radio advertising. 35 per cent effectiveness is due to the fact that advertisements are announced in the radios when most people are expected to be at home - at noons and in the evenings. 8, 7.2 and 3.8 per cent of the respondents mentioned point of purchase, cinema and outdoor advertising, respectively. These low figures are due to the facts that cinema advertising is not popular in the refrigerator industry

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because of the high costs involved; outdoor advertising does not impress the minds for long because it is usually brief and does not give much information; point of purchase advertising is not very influential in this case because storewindows are walked by, usually unnoticed. It needs special visits to the stores in order to obtain certain messages from them.

The influences of acquaintances and sellers are rather minor as media. Learning about the new brands from the acquaintances occurred in 20 per cent of the cases. These acquaintances were either the owners of the same brands themselves or were transferring their knowledge from the advertisements they have seen or from their own acquaintances. The respondents mentioned sellers as the medium from whom they first heard the brand name in 9 per cent of the cases. This low figure is due to the fact that in 85 per cent of the cases the respondents went to the retailers determined on the brand they were going to purchase.

Table 10

Timing of Decisions on the Brands

<u>The Time of Decisions</u>	<u>Number of responses</u>
Decided on the brand before the time of purchase	85
Decided on the brand at the point of purchase	15

Source: Responses to question 12

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After the discussion of media and their rôle in making publicity for the brands, a discussion will be made on the degree of influence of these media on the consumers when making their brand selection.

Table 11

The Influence of Media on Brand Selection

<u>Media</u>	<u>Rate of influence of the media (as percentage)</u>
Acquaintances	41
Advertisements	27
Sellers	16
Advertisements and acquaintances	8
Sellers and acquaintances	4
Advertisements and sellers	2
Own experiences of the respondent	2

Source: Responses to question 11

Although 71 per cent of the respondents learned about the existence of the brands through advertisements, only 27 per cent of the respondents were influenced by advertisements

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alone, in selecting their brands. In 8 per cent of the cases, the influence of the advertisements were accompanied with the recommendations of the acquaintances and in 2 per cent of the cases with the recommendations of sellers. In total, advertisements influenced the respondents in 37 per cent of the cases. Although 20 per cent of the respondents gained awareness with the help of the acquaintances (Table 9), in 41 per cent of the cases acquaintances alone influenced the consumers in selecting their brands. This indicates the desirability of encouraging word of mouth advertising. This can be done in various ways: the selling companies should continuously be in contact with the consumers, through their service facilities, letters, and special programs. Inexpensive ways of advertising can be applied which would encourage word-of-mouth advertising by making demonstrations and giving short talks concerning the economies that a certain brand offers in public places such as in parties given by schools where parents are present, higher level school programs, programs of the institutions and in various other appropriate public places.

In 8 per cent of the cases the influence of the acquaintances were accompanied by the advertisements and in 4 per cent of the cases by the sellers. Although the respondents were influenced by the recommendations of the acquaintances in a

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total of 53 per cent of the cases and by the advertisements in a total of 37 per cent of the cases, in their selections, the role of the advertisement should not be underestimated based on these figures. Since 6 out of 10 brands - Arçelik, Nurmetal, Ambra, Yuman, Profilo and Singer - have been introduced to Turkish market recently - after 1958 - the early buyers were not familiar with these brands and their purchase decisions depended only on the information given by the advertisements. It was the influence of the advertisements that determined the early volume of sales of each brand and then for the very recent purchases it was the acquaintances who influenced the respondents in their selections. In 16 per cent of the cases it was the sellers alone who influenced the selection of the brands. In 4 per cent of the cases they were accompanied by the influence of the acquaintances and in 2 per cent of the cases by the advertisements. The influence of the sellers occurred in a small number of the cases since the respondents, by 85 per cent majority made their brand selections, as mentioned earlier, before the time of the purchase (Table 10).

The degree of consideration given to the various factors by the respondents in their brand selections is given in Table 12.

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Table 12
Motivating Product Factors in Brand
Selection

<u>Factors</u>	<u>Rate of influence (per cent)</u>
Price	69
Service facilities	61
Guarantee	50
Physical appearance	48
Internal partition	40
Credit terms	25

Source: Responses to Questions 16, 19, 21, 26, 32 and 34

As seen in Table 12, price is the most important consideration among the factors that motivate the consumers in their brand selection. 69 per cent of the respondents mentioned lower price as a factor that influenced their selection decisions. The same price consideration also appeared when the respondents who did not buy the brand that they preferred most in 31 of the cases, were asked the reasons of their behaviour.

Table 13
Reasons for not Buying the Brand Most Preferred
(in 31 per cent of the cases)

<u>Factors</u>	<u>Percentage of responses</u>
Price	71
Influence of the seller	16.2
Not available in the store	3.2
Better service facilities	3.2
Bought because inside is enamel	3.2
Thinks it is a foreign product	3.2

Source: Responses to Question 9

As seen in Table 13, price considerations occupy the largest percentage (71) of the 31 cases in which the respondents did not buy the brands that they preferred most. In brand selection 75 per cent of the respondents made price comparisons among the brands that they were aware of and that they accepted as the most desirable for their use. The brands that were mentioned in the price comparisons and the number of price comparisons made with each brand were, as shown in Table 14. Of the 75 people who made price comparisons among the brands 83 per cent were influenced by lower prices, and their choice became the lowest priced refrigerator. For example, of the 75 respondents who mentioned AEG and Arçelik in their price comparisons 87 per cent of the selections were

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for Arçelik refrigerators.

Table 14
Brands and Their Frequency of Occurance
in Price
Comparisons

<u>Brands</u>	<u>Number of Occurances</u>
Arçelik	52
AEG	39
Prestcold	17
Singer	12
Norge	11
Ambra	8
Nurmetal	8
Crossley	8
Profilo	6
Yuman	2

Source: Responses to Question 15

The next item in Table 12, for which 61 per cent of the answers were obtained is service facilities. The public cares for the service facilities offered by the companies because of the repair difficulties, costs involved and lack of spare parts in the market.

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Although there are no significant differences among the outside appearances of the various brands of refrigerators 48 per cent of the respondents answered that outside appearance was influential in their selection decisions. The features on the outside appearance of the refrigerators which were given consideration by the respondents are as follows:

Table 15

Features that were Considered on the Outside
Appearance of the Refrigerators

<u>Features</u>	<u>Percentage of Responses</u>
Plainness of appearance	35
Elegance	25
Door handle designed for easy opening	7
Strong appearance	7
Did not take notice of	6
Form of writing the brand name	4
Easy opening door	4
Pedals at the bottom for opening with foot	3
Use of the top as a shelf	3
Door should open only in 90°	3
Sharp corners	3

Source: Responses to Question 22

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Consideration is given to the differences in inside partition of the refrigerators by 40 per cent of the respondents. The various features that were pondered upon in the inside partitions of the refrigerators are shown in Table 16. Any changes that are desired by the respondents in this respect are shown in Table 17.

Table 16

Features Considered Important in the Inside
Partition of the Refrigerators

<u>Features</u>	<u>Percentage of Responses</u>
Partitions on the Interior face of the door	31
Covered boxes and divisions	11
Large space in the freezer	10
Large space inside	9
Shelves for all size bottles	24
Movable shelves	6
Ice trays easy for taking out ice	6
Convenient usage	11

Source: Responses to Question 24

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Table 17

The Changes and Additions that are Desired for
the Interior Partition of the Refrigerators

<u>Changes and Additions Desired</u>	<u>Percentage of Responses</u>
Do not desire any changes	27
Wider space between shelves	12
Enamel coating of the inside walls	12
More height for bottle shelves	9
Larger freezer	8
Larger compartments for vegetables and fruits	6
Shelves, freezer and compartments should be made stronger	6
More number of covered boxes	5
Pedal to open with foot	4
Automatic defrost	3
More shelves	2
Must be easy to clean	2
Colored enamel	2
A faucet that gives cold water when turned on	1
Side walls of the refrigerator can also be utilized for use	1

Source: Question 27

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Although exactly the same guarantee is provided for all the brands of refrigerators 52 per cent of the respondents said their choices were affected by the guarantees available. In 90 per cent of the cases the respondents had correct information concerning the period of the guarantee provided for their brands while in 5 per cent of the cases the information that they gave was wrong and in 5 per cent of the cases they did not know. Although in 90 per cent of the cases correct information was given concerning the period of the guarantee, the definition of guarantee given by the respondents in 70 per cent of the cases was wrong showing that they did not know the coverage of the guarantee given to them.

Finally, the credit terms which showed the lowest rate of influence in selection of the brands accounted for 25 per cent of the responses of those 52 who have bought their refrigerators on credit. Although differences in the credit terms were not a very important concern for the majority of the respondents, the opportunity of buying on credit enabled 83 per cent of the buyers on credit to own refrigerators. 83 per cent of the respondents who bought on credit answered that if the opportunity of buying on credit did not exist they could not have bought refrigerators. Although the credit terms offered by the companies for various brands were compared

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number of comparisons made for each brand were as shown in Table 18 - only in 25 per cent of the cases in which the refrigerators were bought on credit the lower terms of credit influenced the choice of the consumers (see Table 4 and the following explanation for the terms of credit offered for the various brands).

Table 18

Brands and Their Frequency of Occurance in
the Comparisons of Credit Terms

<u>Brands</u>	<u>Number of Occurances</u>
Açelik	12
AEG	11
Norge	6
Singer	4
Prestcold	3
Crossley	3
Ambra	3
Nurmetal	1
Profilo	1
Yuman	0

Source: Responses to Question 18

Since the market for refrigerators is an uninformed one as to technical specifications and the quality of the refrigerators, the differentiation on quality was asked to be made on the inside coating of the refrigerators - enamel

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or plastic -.

57 per cent of the respondents own plastic coated refrigerators whereas 43 per cent of them own enamel coated refrigerators. 52 per cent of the respondents answered that plastic coating makes odor in the refrigerators whereas enamel coating does not. 48 per cent of the respondents answered that plastic does not make odor provided that it is kept very clean and the food is kept covered in the refrigerators. The general belief of the respondents is that plastic coated refrigerators are not as high a quality as enamel coated refrigerators. This is also seen in the answers to the question which asks any changes and additions desired in the refrigerators. In 12 per cent of the cases the respondents said that they would rather have enamel inside coating.

There are certain attributes which the public attaches to certain brands of refrigerators. These attributes limit the chance of the brands of being sold to people other than the ones who would favor those attributes. Table 19 shows the attributes attached to certain brands by the respondents.

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Table 19

Brand and Attribute Association

Brands	Durable	Inexpensive	Service Facilities	Elegant	Convenient Usage	Others
Arçelik	22	49	60	6	27	1 do not know 1 works noiseless
Ambra	1			9	2	4 do not know
AEG	34		3	5	2	10 do not know 1 famous brand
Singer	5			2	2	10 do not know
Prestcold	10		1	7	5	11 do not know 1 not strong
Norge	11			1		
Profilo				4		4 do not know
Crossley	2			2	2	1 do not know
Nurmetal	2	8		2	4	9 do not know
Yuman						

Source: Responses to Question 6

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After discussing the factors which played a role in brand selection, we will now discuss the motivating factors which played a role in the selection of the retail stores from where the purchases were made.

Table 20
Motivating Factors in Selecting the
Retailers

<u>Motivating Factors</u>	<u>Percentage of Responses</u>
Close distance to home	39
Knew him before	26
Bargaining possibilities	16
Was recommended	6
By chance	8
Others:	
Lower credit terms	2
Dumping	1
Has a great variety of brands	1

As seen from the answers in Table 20, "close distance to home" plays the most important role among the various factors. This is because transportation of refrigerators is costly and this cost is borne by the customer. In 26 per cent of the cases, the respondents made their purchases from retailers whom they knew before and in 6 per cent of the cases from the retailers recommended. This indicates that the respondents

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look for trustworthy people in their important purchases. 16 per cent of the answers indicated bargaining possibilities. Although theoretically bargaining should not exist because the companies themselves fix the retail prices, it seems that retailers do not abide always by the rules.

Since 39 per cent of the respondents answered that closeness to home was the main factor in selecting the retailer from whom the purchase was made, the companies should consider the dispersion of the population in setting their channels of distribution. The suburbs and new settlements should not be neglected. Retail stores should be opened especially in such new residences where the chance for selling is higher.

Finally, we shall have a brand loyalty table showing the percentage of the respondents who will remain loyal to their brands in their next purchases in future.

Table 21
Brand Loyalty

<u>Brands</u>	<u>Percentage of the owners of brands, who will be loyal to their brands</u>
Arçelik	85.1
AEG	85.7
Norge	75.0
Prestcold	75.0
Singer	50.0
Ambra	50.0
Yuman	50.0
Nurmetal	0
Profilo	0
<u>Crossley</u>	0

Source: Table 35

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Of the 30 respondents who planned to change their brands in their future purchases 43 per cent were in favor of Arçelik refrigerators because of the service facilities the company provides and the availability of repair parts in the market. 20 per cent of the respondents were in favor of Prestcold refrigerators because they have enamel coating; 13.3 per cent of the respondents who planned to change their brands were in favor of AEG refrigerators; 13.3 per cent of the respondents were in favor of Norge refrigerators and 13.3 per cent were in favor of Singer refrigerators because of their rare need for repairs; 3.3 per cent of the respondents were in favor of Yuman because of its convenient inside partition and 3.3 per cent of the respondents were in favor of Nurmetal because the users recommended the brand. None of the respondents thought of purchasing Profilo and Ambra in their next purchases.

C h a p t e r V

CONCLUSIONS

The recall figures obtained from the responses to question 1 were discussed in length in Chapter 4. This discussion was made because the number of recalls recorded for any one of the brands show the degree of public acceptance gained by this brand. Any brand which is well established in the minds of the public has a wider chance of being purchased because of the tendency of people toward making their selections among the brands that are already considered by them.

One of the most necessary measures which should be taken to increase the public acceptance of the brands and to make their existence more widely known is to give more importance by the companies to their advertising efforts.

Both the quality and the quantity of the advertisements are important. From the quality point of view "advertising must have consumer confidence if it is to perform its communication job effectively"^{1/}. In order to gain consumer confidence:

^{1/} Dunn Swatson, Advertising, Its Role in Modern Marketing,
Holt, Rinehart and Winston. New York 1961, pages 73-74

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"Advertising as a whole must not create a misleading impression even though every statement separately considered is literally truthful.

Advertising must not obscure or conceal material facts.

Advertising must not be artfully contrived to distract and divert readers' attention from the true nature of the terms and conditions of an offer.

Advertising must be free of fraudulent traps and stratagems which would induce action which would not result from a forthright disclosure of the true nature of the offer." ^{1/}

A large volume of advertising of high quality will attract the attentions of the public toward that product.

The companies which sell several products under the same brand name should put equal emphasis on the refrigerators in the advertisements if they do not want their product to remain among the secondary items in their line. The advertisements should be more frequent for the individual products than the brand name in general.

Another factor which influences the recall figures is the distribution channels of the companies. The number of retailers that sell particular brands of refrigerators, their

^{1/} Ibid

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distribution throughout the various districts of the city and whether they carry competing products or not are important factors in this respect. The larger the number of retailers that sell a particular brand, the more is the exposition of those brands to the consumers. An even distribution of the retailers throughout the various districts increases the possibility for them of being seen by a higher percentage of the public. Finally, the system which Arçelik company has adopted for its retailers - carrying no competing products - is the best both from the point of view of keeping the brand as the center of interest in the stores and store windows and undividing the sales efforts of the retailers among the various brands.

We have seen that advertising is the most important source from which the public learns about the existence of the brands and about the emergence of new brands. Newspapers are one of the best advertising media in communicating messages about household equipment because of their intense coverage and possibility of re-reading the information. Increase in the quantity of cinema advertising will be very effective because it gives a combination of a moving picture (demonstrative) and speaking voice. In spite of the transient quality of the radio advertising, its impact is great on the public. If the timing of advertisements is done properly its effectiveness will be increased even more. Repetition is necessary in radio

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advertisements. Outdoor advertising and point of purchase advertising should also be not neglected.

As seen in Table 12, price is the most important consideration among the factors that motivate the consumers in their brand selection. Then come service facilities, guarantee, physical appearance, internal partition and credit terms respectively. Since price plays the most influential role in determining the level of demand for refrigerators, price setting for the refrigerators should be done very carefully by the companies. The results of the research indicate that high price causes loss of sales volume. In determining a realistic range of choice, the companies must survey the price of competitive brands and their sales volume at the existing prices. Penetration pricing used by Arçelik company together with the help of a large advertising campaign helped Arçelik refrigerators to gain maximum exposure and acceptance by the market in a short period of time.

In the same manner, service provided by the companies must be prompt, careful and satisfy the consumer needs. As seen in Table 19, among the attributes associated with Arçelik which is the largest selling brand, service facilities and inexpensiveness ranked the highest.

There is nothing to be done about the guarantee by the companies since the practice is common for all the firms in

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the industry. The guarantee consideration of 50 per cent of the respondents was due to their lack of information.

Consideration to physical appearance and internal partitions was given by 48 and 40 per cent of the respondents, respectively. Since the product is the most influential factor in determining an organization's success or failure, its quality, design, color and functions must be in accordance with what the user wants. The results of this survey indicate that the consumers of refrigerators are in favor of plain and elegant appearance, usage facilities such as separate space for all kinds of food, large freezers, larger space inside and enamel coated walls. The details of the consumers' demands, tastes and preferences in this respect are given in Tables 15, 16 and 17.

Terms of credit differences offered by the companies gained the considerations of 25 per cent of the respondents. Although the difference among the credit terms offered is not a major concern 83 per cent of the respondents who bought on credit answered that they could not have bought their refrigerators if they had to buy for cash. This shows the importance of the availability of buying on credit for the people whose budget allows only partial payments.

The above facts are also important in preparing the advertisements. Since price is the most important motivating

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factor, the companies may stress on the price if the prices of their brands are comparatively low. The advertisements for high priced brands should not touch this matter. Service facilities provided for the brands should extensively be explained. Also the guarantee provided should be explained clearly so that the public will be aware of the fact that the scope of the guarantee provided by all the firms in the industry is the same. Physical appearance and internal partitions of the refrigerators can best be advertised by illustrative pictures in the newspapers, by placing the refrigerators themselves in the windows of the retail stores and by cinema advertising. Terms of credit may also be mentioned to provide information to the consumers who are able to buy only on credit.

A P P E N D I X

QUESTIONNAIRE

General Information

Name:

Single Married

If not single:

- Occupation of the husband

- Length of the marriage period

Number of the people in the family

Monthly income

Occupation of the woman

Characteristics of the refrigerator owned:

- Brand name

- Size

- Date of purchase

- Place of purchase

Retail price:

Cash price

Price on credit

Terms of credit

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1. Please name the brands of refrigerators which first come to your mind.

2. To which goods do the following brand names belong?
(Name the brands which were not mentioned by the interviewee in the first question)

Brand of
Refrigerator

Name of the good
mentioned

do not know

1. Arçelik
2. Ambra
3. AEG
4. Singer
5. Prestcold
6. Yuman
7. Profilo
8. Norge
9. Nurmetal
10. Crossley

3. Which brand of refrigerator is advertised most?

4. Which brand of refrigerator is sold in largest quantity in Turkey?

5. Which company is the largest manufacturer of refrigerators in Turkey?

6. What attributes can you tell for the refrigerators whose brands you have listed in the first question. (Remind the brands mentioned in the first question. Do not read the factors below)

1. durable

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2. inexpensive
3. have service and repair facilities
4. elegant
5. convenient in usage
6. other

7. Which of these refrigerators are locally produced?

8. Which brand or brands of refrigerators do you prefer most?

(If his own refrigerator is mentioned skip to question 10)

9. Why didn't you select this brand (or one of these brands) when you made your purchase?

10. Where did you hear the brand of your refrigerator from, first?

1. From advertisements
 - a) Newspapers and magazines
 - b) Radio
 - c) Cinema
 - d) Outdoor advertising
 - e) Other

2. From acquaintances

3. From the seller

4. Other

11. Which of the following factors influenced the purchase decision of your own brand?

1. Advertisements
2. Recommendation of acquaintances
3. Recommendation of the seller
4. Other

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12. Did you decide on a certain brand before you went to the seller to buy a refrigerator?

Yes

No

13. Why did you go to that certain seller for your purchase?
(do not read the items below)

- a) close to your home
- b) knew him before
- c) recommended
- d) bargaining possibilities
- e) by chance
- f) other

14. Did you make a price comparison among the various brands before you made your decision to buy a certain brand?

Yes

No

(If the answer is "No" skip to question 17)

15. a) Between two brands _____
- b) Among three brands _____
- c) More than three brands _____

16. Did the difference in the prices of the various brands influence the selection of your own brand?

Yes

No

(Ask questions 17, 18, 19 and 20 to people who made their purchase on credit)

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17. Did you make a comparison of the credit terms offered for different brands?

Yes

No

(If the answer is "No" skip to question 20)

18. Between two brands

Among three brands

More than three brands

19. Did the difference in the credit terms offered for various brands influence the selection of your own brand?

Yes

No

20. If the sale of your refrigerator was not done on credit would you still have bought it?

Yes

No

21. Was the outlook of your refrigerator a matter of preference in the selection of your own brand?

Yes

No

22. What is the best feature in the outlook of your refrigerator?

23. Are you satisfied with the inside partition of your refrigerator?

Yes

No

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24. Which parts of your refrigerator do you like most with respect to its inside partition?

25. Did you investigate the inside partition of other refrigerators?

Yes

No

(If "No" skip to question 27)

26. Was the inside partition of your own refrigerator a matter of preference in your selection?

Yes

No

27. If you plan to buy another refrigerator what varieties would you like to have in that refrigerator?

28. Is the inside coating of your refrigerator enamel or plastic?

enamel

plastic

29. Do you think that there is a difference between plastic or enamel inside coating in making an odor in the refrigerator;

plastic makes odor

plastic does not make odor

enamel makes odor

enamel does not make odor

both make odor

neither make odor

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30. How long is the guarantee given for your refrigerator?

31. What does the guarantee cover?

32. Was guarantee a matter of consideration for you in the selection of your brand?

Yes

No

33. Did you know about the service facilities of your brand before you made your purchase?

Yes

No

34. Was this a matter of preference for you?

Yes

No

35. Which brand would you choose if you buy another refrigerator? Why?

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Sales Manager, Profilo Company, Mecidiyeköy, İstanbul

Business Manager, Nurmetal Company, Silâhtarğa, İstanbul

Manager, Libka Tic. A.Ş. Tünel, Beyoğlu, İstanbul

Manager, Uçken Koll. Company, İstiklâl Caddesi, İstanbul

Sales Manager, Met Sanayi Ltd. Company, İstiklâl Caddesi,
İstanbul