

Extended Abstract

An Investigation of Consumers' Perceived Confidence in the Sales and Pricing Policies Applied by Firms: The Fethiye Example*

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Abstract

In the free market economy, companies' sales and pricing policies remain within certain limits legally. However, these legal regulations, which sometimes become inadequate and are sometimes delayed by other legal regulations, cause the economic activities firms carry out to have negative social consequences. This study researches how consumers generally look at the pricing and sales policies widely used during and after sales without specifying any sector or company name. The data, obtained from 571 participants residing in Fethiye and determined through the random sampling method, were analyzed using the multiple logistic regression model. The participants were asked what they think about campaigns like "buy two get one free," user-error statements, and money-point applications. At least one out of every three people who participated in the survey feel deceived by campaigns like the "buy two get one free" and money-point applications, as well as at least two out of three regarding user-error statements. Also, participants think that firms behave unethically and do not care about consumer rights as much as their own profitability, that after-sales service is inadequate and that the market is not trustworthy in terms of prices.

Keywords

Consumer confidence • Ethical behavior in firms • Multinomial logistic regression • Buy 2 get 3 free • Pricing

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Many sectors lack competition that is based on ethical principles. First in regard to pricing, misleading or deceptive practices in the different processes of trade increase distrust and transform shopping activities that are needed for maintaining life on its natural course into immorality and a general lack of principles. The most important factor that nourishes this structure is people themselves. In addition, the adopted economic model along with the role the central authority undertakes in the economy affects the dimensions of unethical commercial activities and of being unprincipled. In the last 15 years, Turkey's gross domestic income has increased approximately 100% at the real level³ (Kalkınma Bakanlığı, 2017). During this period, consumers' purchasing power and payment conveniences have increased, and supplying products has become easier. Yet in this same period, the consumer confidence index is revealed to have dropped almost 25%.

Aim, Method, and Scope

This study seeks to determine the pricings that are widely practiced on participants in the market without any company or sector distinction and how consumers perceive the sales policies. Survey questions formed from three separate dependent variables and 20 independent variables with different structures and numbers were administered to a total of 571 participants within the borders of the Fethiye district for this purpose. A total of two factors have been obtained from nine questions with a scaled structure. The other independent variables were subject to multiple logistic regression analysis together with the obtained factors using the three dependent variables in order.

This study focuses on the three most common examples that increase distrust in the market. The first of these are sales campaigns performed with names like "Buy 3, pay for 2," "Buy 1 get 1 free," and "Half off" for pushing more sales and causing one to think a product being sold is discounted. The second are sales policies originating from banks who have proposed names like "bonus," "chip money," and "vadaa," which causes credit-card usage to become widespread and users to think they have more discount opportunities. The final one is authorized services' expression of "due to user error," which has become more widespread in recent times when encountering the problems that occur during use. Participants were asked how they feel about sales campaigns, bank card-based campaigns, and post-sales, and to choose one of three answers: scam, normal, or convenient.

Analysis Results and Recommendations

When evaluating the analysis results established on the three models together, at least one of the participants was seen to assess companies' pricing and sales policies

³ In 2001, approximately 68.31 million Turkish Lira; in 2015, 131.27 million TL.

as scams and at least one to also assess as normal. These types of policies applied by companies are considered appropriate by: those living in rural areas, women, those with high income levels, those who have not researched prices or brands, and those with a low education level. In other words, those with insufficient knowledge about the market, those with limited access to market information, those who decide impulsively without researching, and those with high incomes consider the pricings and sales policies to be appropriate. Companies are clearly seen to want to excite consumers for the purpose of selling more products, and the perceptions of those purchasing are not formed under appropriate conditions. These applications bear the results of increasing consumers' mistrust from various perspectives, contrary to what firms think.

Alongside this, the result that banks, who have a significant place in financial markets, support this environment of mistrust has been obtained from the analysis outputs. Banks, located in the middle of the traffic between producers and consumers, also receive commissions from companies that use point-of-sale (POS) devices by having a part in the transfer of credit to consumers. Accordingly, companies determine prices by also calculating their commission expenses, and as a result the commission fee for the sold product is charged to the consumer. In this context, the consumer might only cover the losses through practices like money points. By way of fees, a forced dependent customer profile is formed.

Statements like "due to user error," which occurred in the last model of the analysis, are not just used by small businesses; they have begun to frequently be used by services that large firms with well-known names have authorized. In particular when looking at internet sites that include customer complaints, decisions that victimize consumers are frequently encountered from many companies that are considered institutional. On the grounds that the activities carried out contrast the number of consumers with applications to the consumer review board and to consumer protection laws, the daily increase in the number of firms being administratively and financially fined by the Ministry of Customs and Trade indicates that this problem continues to increase.

The central authority, which has the right to exercise power, should not evaluate the business activities performed by companies only in accordance with current law. Commercial activities should be examined in terms of ethical principles, and legislation should be reorganized in a way that quickly becomes human-focused. Individuals who need to be in charge should do what is right of their own will. Yet when observing the reluctance of the individual on this point, responsibilities exist to block attempts from the central authority that will damage the environment of trust and to apply policies that will increase trust and transparency. For this aim, the first stage should be to end price contamination. Pricing and sales policies that influence customer perception should be transparent, and decisions should be made that enable

the actual price to be clearly presented. Alongside this, rearrangements should be brought to price increases –taking POS commission fees and reflecting them as a discount to the consumer–, indirectly to banks that have a significant share within financial markets, and to practices that will become mandatorily consumer-based. Practices from both banks and companies that push consumers to buy more should be abandoned. Associations, unions, and cooperatives should not just be institutions that provide information and receive dues; they should become institutions that reveal the principles of trade by taking into account themselves the structures unique to the sectors. Exorbitant levels of price changes, whether high or low in product prices, especially in transfer pricing, should be blocked.

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