Market demand, marketing promotion, and sales performance: Framework for novelty products business improvement

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Abstract

In the competitive landscape of novelty products, understanding the intricate relationship between market demand, marketing promotion, and sales performance is crucial for business success. Novelty products, characterized by their unique appeal and often short product life cycles, require tailored strategies to effectively capture consumer interest and drive sales. Market demand plays a pivotal role in shaping the strategies businesses employ to promote their products, while marketing promotion efforts directly influence consumer awareness and purchasing decisions. By developing a comprehensive framework that integrates these key elements, businesses can optimize their approach to improving sales performance and sustaining growth in the novelty products sector. This study aims to explore these relationships on Market Demand, Marketing Promotion, and Sales Performance: and provide actionable insights for businesses seeking to enhance their market position and profitability. This study used the descriptive method and participated by 400 business owners of novelty items that comes from first class cities in Guangdong Province in China that are operating in at least two years particularly form Guangzhou, the provincial capital and a major financial hub in South China and from Shenzhen. The study found that respondents moderately agreed on several factors influencing novelty products, including product creativity, pricing, and customer psychographic behavior. Additionally, the marketing strategies used by novelty stores, such as promotion, product presentation, and customer segmentation, were also moderately supported by respondents. Despite these moderate evaluations, the sales performance of novelty stores was generally strong, with positive indicators in sales growth, sales revenue, and customer growth. Moreover, the study revealed a highly significant relationship between market demand, marketing strategy, and sales performance. Based on these findings, a framework was developed to improve the business performance of novelty stores. The results indicate that novelty stores should enhance product creativity, pricing, and marketing strategies to better meet market demand and improve sales performance, guided by the developed framework.

Keywords: market demand, marketing promotion, sales performance, framework for novelty products, business improvement

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1. Introduction

In today's rapidly evolving marketplace, novelty products hold immense potential to capture consumer attention and generate excitement. However, translating this initial spark into sustained success requires a delicate balancing act. Understanding market demand is the cornerstone of any successful product launch, especially for novelties. Market research plays a crucial role in identifying existing needs, unmet desires, and potential gaps that a new product could address (Grewal et al., 2020). Analyzing consumer trends, purchase patterns, and emerging interests allows businesses to gauge the potential market size and assess whether a novelty product aligns with evolving customer preferences (Verhoef et al., 2020). Once market demand is established, crafting an effective marketing strategy becomes paramount. Novelty products often require a unique approach, as their very newness necessitates educating and enticing consumers. Traditional marketing tactics might not be sufficient. Instead, creative and targeted campaigns can leverage the "wow" factor of the product, utilizing social media platforms, influencer marketing, and experiential marketing strategies to generate buzz and pique customer interest (Lee et al., 2019). The success of marketing efforts ultimately translates into sales performance. Tracking key metrics such as conversion rates, customer acquisition costs, and repeat purchases allows businesses to assess the effectiveness of their marketing campaigns and identify areas for improvement (Kumar et al., 2019). Furthermore, analyzing post-purchase customer feedback can provide valuable insights into whether the novelty product lives up to expectations and fosters customer loyalty (McManus, 2021).

Despite the inherent appeal of novelty products, their success rate can be notoriously low. This research delves into this very challenge, aiming to provide a comprehensive framework to improve the odds of success for businesses venturing into this exciting yet precarious market. By understanding the intricate relationship between market demand, marketing promotion, and sales performance, businesses can make informed decisions about product development, marketing strategies, and sales optimization. This framework can contribute significantly to the body of knowledge surrounding novelty products, ultimately leading to a higher rate of successful launches and a more vibrant and innovative marketplace.

Objectives of the Study - This study aimed to assess the market demand, marketing strategy, and sales performance of novelty products companies in China to develop a framework for their business improvement. Specifically, it aimed to determine the factors affecting novelty products market demand in terms of product creativity, price, customer psychographic behavior; assess the marketing strategies in terms view of promotion, product presentation and customer segmentation; evaluate the sales performance in terms of sales growth, sales revenue and customer growth; test the significant relationships among market demand, marketing strategy and sales performance; develop a framework to improve business performance of novelty products

2. Methods

Research Design - This study utilized descriptive type of research Using this method, the researchers were able to obtain facts and acquire a better understanding regarding the relationship of the variables. Additionally, through the distribution of survey questionnaires, the researcher expects to collect data from the respondents. This descriptive research style helped gather the respondents' data effectively.

Participants of the Study - The participants were 400 business owners of novelty items that comes from first class cities in Guangdong Province in China that are operating in at least two years. Particularly form Guangzhou, the provincial capital and a major financial hub in South China and from Shenzhen, the first Special

Economic Zone established in China, known for its high-tech industry and leading role in economic growth.

Instruments - The self-constructed survey questionnaire was used in this study. The instrument is divided into three parts. Each dimension has five questions for a total of forty-five questions. Part 1 is Market Demand, Part 2 is Marketing Promotion, and Part 3 Sales Performance. All parts used the 4 Likert scale using the level of agreement such as 4-strongly agree, 3–agree, 2- disagree and 1 strongly disagree. The questionnaire was validated and tested its consistency and reliability.

Table 1

Reliability Test

Indicators	No. of Items	Cronbach Alpha	Remarks
Product Creativity	5	0.837	Good
Price	5	0.706	Acceptable
Customer Psychographic	5	0.790	Acceptable
Promotion	5	0.905	Excellent
Product Presentation	5	0.872	Good
Customer Segmentation	5	0.729	Acceptable
Sales Growth	5	0.813	Good
Sales Revenue	5	0.907	Excellent
Customer Growth	5	0.855	Good

George and Malley (2003) provide the following rules of thumb ">0.90 – Excellent, >0.80 – Good, >0.7 – Acceptable, >0.60 – Questionable, >0.50 – Poor, and <0.50 – Unacceptable"

Data Gathering Procedure - Starting from the construction of questionnaire, the validation process was carried out with the help of the research adviser and a statistician. Moreover, to establish the questionnaire's validity and reliability, the researcher conducted a pilot test, which was validated by a statistician, whose result was "excellent" and accepted for gathering data. Following that, the researcher was granted permission to conduct a study. The respondents from chosen novelty companies firstly requested permission from human resource management to distribute a questionnaire to the owners/managers of the stores. The researcher was granted permission by the human resources team and the managers. The researcher began collecting and distributing questionnaires via Google Forms and hard copy, informing respondents of the questionnaire's purpose. On the other hand, other respondents who are not affiliated completed the questionnaire by sending a direct message through their social media accounts to the Google forms. The survey responses were tallied and forwarded to the university statistician for statistical analysis.

Data Analysis - Weighted mean and rank were used to determine the factors affecting novelty products market demand in terms of product creativity, price, customer psychographic behavior; to assess the marketing strategies in terms view of promotion, product presentation and customer segmentation; and to evaluate the sales performance in terms of sales growth, sales revenue and customer growth. The result of Shapiro-Wilk Test showed that p-values of all variables were less than 0.05 which means that the data set was not normally distributed. Therefore, Spearman rho was used as part of the non-parametric tests to determine the significant relationship. All analyses were performed using SPSS version 28.

Ethical Considerations - To ensure that the researchers ethically administer this study, the following research ethical considerations are strictly considered during data gathering. Permission for conducting the study and for data gathering are obtained from the research subject upon having an approval by the research adviser. The research participants have the right not to include their real name, and/or choose to disclose their identity if they are not comfortable doing it. The researchers explain to the respondents the purpose of conducting this research and explain the valuable contribution of their participation. It also serves as a basis that the respondents understand the nature of the study and voluntarily agree to it and continue to voluntarily participate throughout the conduct of the study. And finally, the researcher guarantees the confidentiality and anonymity of their research participants to protect their privacy and identity are assured to remain unknown. In this way, the research participants are comfortable in giving valuable information during data gathering.

3. Results and discussions

Table 2
Summary Table on Factors Affecting Novelty Products Market Demand

Key Result Areas	Composite Mean	VI	Rank
Product Creativity	3.15	Agree	1.5
Price	3.10	Agree	3
Customer Psychographic Behavior	3.15	Agree	1.5
Grand Composite Mean	3.13	Agree	

Legend:3.50-4.00=Strongly Agree;2.50-3.49=Agree;1.50-2.49=Disagree;1.00-1.49=Strongly Disagree

Table 2 provides a high-level summary of the key factors influencing the demand for novelty products. It combines findings from previous tables. **Grand Composite Mean (GCM):** This score (3.13) represents the overall average level of agreement across all statements included in the previous tables. It again falls within the "Agree" range. As to i**mportance of product creativity, r**esearch by Luo (2017) highlights the importance of product creativity and innovation in driving consumer interest and purchase intention. This aligns with the concept of "Product Creativity" being a key. The **price sensitivity and novelty products,** As discussed previously, consumers tend to be more price-sensitive for unfamiliar products like novelty items. This aligns with "Price" being a key result area. **Customer Psychographics and Consumer Behavior,** Schiffman et al. (2014) explore the concept of customer psychographics, which refers to the study of consumers' personality traits, values, interests, and lifestyles. This aligns with understanding these psychographics helps businesses tailor their marketing and product development strategies to specific consumer segments.

Table 3
Summary Table on Marketing Strategies

Key Result Areas	Composite Mean	VI	Rank
Promotion	3.04	Agree	3
Product Presentation	3.08	Agree	2
Customer Segmentation	3.13	Agree	1
Grand Composite Mean	3.08	Agree	

Legend:3.50-4.00=Strongly Agree;2.50-3.49=Agree;1.50-2.49=Disagree;1.00-1.49=Strongly Disagree

Table 3 presents the summary of Marketing Strategies for Novelty Products. **Customer Segmentation Most Effective (Rank 1):** Based on the rankings, customer segmentation appears to be the most impactful marketing strategy for novelty products. This suggests that understanding and targeting specific customer segments with personalized approaches can be more effective than generic marketing tactics. While segmentation ranks highest, all three KRAs received "Agree" scores. This indicates that effective marketing for novelty products should likely incorporate a combination of well-designed promotions, appealing product presentations, and strategic customer segmentation.

Table 4
Summary Table on Sales Performance

Key Result Areas	Composite Mean	VI	Rank
Sales Growth	3.07	Agree	3
Sales Revenue	3.09	Agree	1
Customer Growth	3.08	Agree	2
Grand Composite Mean	3.08	Agree	

Legend:3.50-4.00=Strongly Agree;2.50-3.49=Agree;1.50-2.49=Disagree;1.00-1.49=Strongly Disagree

Table 4 presents the Overall Sales Performance Summary. This provides a high-level overview of the sales performance for novelty products. All three KRAs received "Agree" scores (between 3.07 and 3.09) based on the legend. This suggests a positive overall sales performance for novelty products across sales growth, revenue generation, and customer acquisition.

Sales Revenue Most Important (Rank 1): The highest-ranked KRA is sales revenue (CM: 3.09, Rank 1). This suggests that increased revenue generation might be the most critical factor for the success of novelty products. **Balanced Performance (Ranks 2 & 3):** Sales growth (CM: 3.07, Rank 3) and customer growth (CM:

3.08, Rank 2) received similar scores. This indicates a balanced performance across these areas, suggesting that novelty products are not only generating revenue but also attracting new customers and potentially expanding the customer base.

The Grand Composite Mean (GCM) of 3.08 (Agree) reinforces the positive sales performance for novelty products. This suggests that these products are experiencing growth in sales, revenue generation, and customer acquisition. These included effective marketing strategies, customer segmentation that caters to specific values (like nostalgia), willingness to pay a premium for unique products, and positive customer experiences that lead to repeat purchases and word-of-mouth recommendations. The positive sales performance of novelty products across growth, revenue generation, and customer acquisition. Understanding the specific marketing strategies and customer-centric approaches that contribute to this success can be beneficial for businesses looking to leverage the potential of novelty products.

Table 5
Relationship Between Market Demand and Marketing Strategies

Variables	rho	p-value	Interpretation
Product Creativity			
Promotion	0.596**	< .001	Highly Significant
Product Presentation	0.661**	< .001	Highly Significant
Customer Segmentation	0.593**	< .001	Highly Significant
Price			
Promotion	0.677**	< .001	Highly Significant
Product Presentation	0.762**	< .001	Highly Significant
Customer Segmentation	0.738**	< .001	Highly Significant
Customer Psychographic Behavior			
Promotion	0.710**	< .001	Highly Significant
Product Presentation	0.741**	< .001	Highly Significant
Customer Segmentation	0.712**	< .001	Highly Significant

**. Correlation is significant at the 0.01 level

Table 5 presents the Relationship Between Market Demand and Marketing Strategies. This explores the correlation between market demand and various marketing strategies for novelty products. It uses Spearman's rank correlation coefficient (rho) and p-values to assess the strength and significance of these relationships. As seen in the table, the computed rho-values ranging from 0.593 to 0.762 indicate a moderate to strong direct weak relationship among the sub variables of market demand and marketing strategies. There was a statistically significant relationship between market demand and marketing strategies because the obtained p-values were less than 0.01.

All correlations between marketing strategies and the listed variables (Promotion, Product Presentation, Customer Segmentation, Customer Psychographic Behavior) are statistically significant (p-value < 0.001) and positive (rho values between 0.593 and 0.762). This suggests that effective implementation of these marketing strategies is likely to be associated with increased market demand for novelty products. The strongest correlations are observed between market demand and product Presentation (rho=0.661-0.762). This aligns with research by Luo(2017), who highlights the importance of product design creativity in influencing consumer purchase intention. Product design creativity and consumer purchase intention: Promotion and Customer Segmentation (rho=0.593-0.738): Effective promotional strategies and targeted customer segmentation can significantly impact market demand. Customer Psychographics: The significant correlation with customer psychographic behavior (rho=0.710-0.741) suggests that understanding customers' values, interests, and lifestyles can be crucial for developing marketing strategies that resonate with them and drive demand.

Table 6 explores the correlation between market demand and various factors related to sales performance for novelty products. It uses Spearman's rank correlation coefficient (rho) and p-values to assess the strength and significance of these relationships. As seen in the table, the computed rho-values ranging from 0.583 to 0.759 indicate a moderate to strong direct weak relationship among the sub variables of market demand and sales performance. There was a statistically significant relationship between market demand and sales performance

because the obtained p-values were less than 0.01.

Table 6

Relationship Between Market Demand and Sales Performance

Variables	rho	p-value	Interpretation
Product Creativity			
Sales Growth	0.654**	< .001	Highly Significant
Sales Revenue	0.583**	< .001	Highly Significant
Customer Growth	0.628**	< .001	Highly Significant
Price			
Sales Growth	0.703**	< .001	Highly Significant
Sales Revenue	0.701**	< .001	Highly Significant
Customer Growth	0.734**	< .001	Highly Significant
Customer Psychographic Behavior			
Sales Growth	0.733**	< .001	Highly Significant
Sales Revenue	0.728**	< .001	Highly Significant
Customer Growth	0.759**	< .001	Highly Significant

**. Correlation is significant at the 0.01 level

Significant Positive Correlations: All correlations between market demand and the listed variables (Product Creativity, Price, Customer Psychographic Behavior) are statistically significant (p-value < 0.001) and positive (rho values between 0.583 and 0.759). This indicates that factors influencing market demand are likely to be associated with positive sales performance across growth, revenue generation, and customer acquisition. Strongest Correlations: The strongest correlations are observed between market demand and: Price and Customer Psychographics (rho = 0.701 - 0.759): Effective pricing strategies and understanding customer psychographics (values, interests, lifestyles) can significantly impact all aspects of sales performance – growth, revenue, and customer acquisition. Product Creativity (rho = 0.628 - 0.654): While not as strong as price and psychographics, product creativity still demonstrates a positive and significant association with sales performance. This aligns with research by Luo (2017) who suggests product design creativity can influence consumer purchase intention. Luo (2017). Product design creativity and consumer purchase intention: Overall, strengthens the connection between factors influencing market demand and positive sales performance for novelty products. Understanding and addressing these factors, including product creativity, pricing strategies, and customer psychographics, can be instrumental for businesses aiming to achieve growth, increase revenue, and acquire new customers through their novelty products.

Table 7

Relationship Between Marketing Strategies and Sales Performance

Variables	rho	p-value	Interpretation
Promotion			
Sales Growth	0.732**	< .001	Highly Significant
Sales Revenue	0.738**	< .001	Highly Significant
Customer Growth	0.731**	< .001	Highly Significant
Product Presentation			
Sales Growth	0.828**	< .001	Highly Significant
Sales Revenue	0.783**	< .001	Highly Significant
Customer Growth	0.794**	< .001	Highly Significant
Customer Segmentation			
Sales Growth	0.765**	< .001	Highly Significant
Sales Revenue	0.771**	< .001	Highly Significant
Customer Growth	0.785**	< .001	Highly Significant

**. Correlation is significant at the 0.01 level

Table 7 presents the Marketing Strategies and Sales Performance. This examines the correlation between various marketing strategies and different aspects of sales performance for novelty products. It uses Spearman's rank correlation coefficient (rho) and p-values to assess the strength and significance of these relationships. As seen in the table, the computed rho-values ranging from 0.732 to 0.828 indicate a strong direct weak relationship among the sub variables of marketing strategies and sales performance. There was a statistically significant relationship between marketing strategies and sales performance because the obtained p-values were less than

0.01.

All correlations between marketing strategies (Promotion, Product Presentation, Customer Segmentation) and sales performance metrics (Sales Growth, Sales Revenue, Customer Growth) are statistically significant (p-value < 0.001) and positive (rho values between 0.731 and 0.828). This suggests that effective implementation of these marketing strategies is likely to be associated with a significant boost in sales growth, revenue generation, and customer acquisition for novelty products.

Strongest Correlations: The strongest correlations are observed between: **Product Presentation and Sales Growth (rho = 0.828):** This emphasizes the importance of creating compelling product presentations that showcase the unique features and benefits of novelty products. **All Strategies and Sales Performance (rho range: 0.731 - 0.794):** While product presentation has the strongest association with sales growth, all three marketing strategies show strong and positive correlations across all sales performance metrics. This suggests that a holistic approach that combines effective promotion, captivating product presentation, and targeted customer segmentation is likely to yield the most significant results for novelty product sales. **Marketing Mix for Novelty Products:** The strong positive correlations across all marketing strategies and sales performance metrics suggest the importance of applying a well-balanced marketing mix for novelty products. This mix should encompass effective promotional strategies, engaging product presentations, and strategic customer segmentation to maximize sales success.

Overall, the critical role that effective marketing strategies play in driving positive sales performance for novelty products. Implementing a well-rounded marketing mix that incorporates strong promotion, captivating product presentation, and strategic customer segmentation can significantly contribute to increased sales growth, revenue generation, and customer acquisition.

Research Output
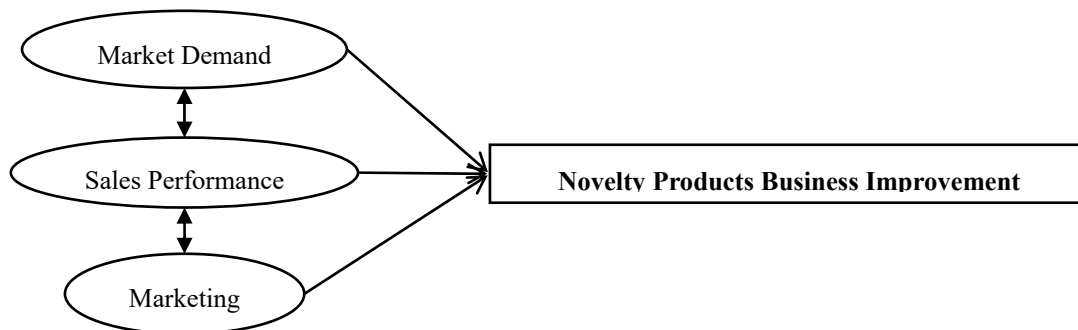
The relationship between market demand, marketing strategies, and sales performance is a crucial concept for businesses, especially those dealing with novelty products. Here's a breakdown of the connections and their significance:

Market demand reflects the consumer desire and willingness to buy a product or service at a specific price. It's essentially the "pull" in the market, indicating the potential for sales success. Factors influencing market demand for novelty products include: **Product Creativity:** Unique features, innovative designs, and the "wow" factor associated with novelty can create a strong initial demand. (Luo, 2017). **Customer Psychographics:** Understanding customer values, interests, and lifestyles allows targeted marketing to segments most likely to be interested in novelty. Marketing strategies are the tools businesses use to influence and shape market demand. They aim to create awareness, interest, and ultimately, a desire to purchase novelty products.

Product Presentation: Compelling visuals, clear messaging, and highlighting the product's unique features through presentations and marketing materials can significantly enhance demand. **Customer Segmentation:**

Dividing the target audience into groups with similar interests and needs allows for tailored marketing messages that resonate with each segment, increasing the perceived value of the novelty product.

When marketing strategies successfully tap into existing or create new market demand, it directly translates to positive sales performance. This includes: **Sales Growth:** Increased market demand translates to higher sales figures, reflecting the growing interest in the novelty product. **Sales Revenue:** Effective marketing that fuels demand can lead to higher average order values or increased sales volume, ultimately boosting revenue generation.

Customer Growth: Market demand often leads to customer acquisition. As more people are drawn to the product, the customer base expands, leading to long-term sales potential. Shows strong positive correlations between marketing strategies (Promotion, Product Presentation, Customer Segmentation) and market demand for novelty products. Highlights a positive association between factors influencing market demand (Product Creativity, Price, Customer Psychographics) and key sales performance metrics (Sales Growth, Sales Revenue, Customer Growth). Demonstrates strong positive correlations between various marketing strategies and all aspects of sales performance.

4. Conclusions and recommendations

The respondents moderately agreed on factors affecting novelty products such as product creativity, price and customer psychographic behavior. The marketing strategies used by the novelty stores such as promotion, product presentation and customer segmentation are moderately agreed by the respondents. The sales performance of the novelty stores were generally good as to sales growth, sales revenue and customer growth. There is highly significant relationship between market demand, marketing strategy and sales performance. A framework has been developed to improve the business performance of novelty stores. The novelty product companies may stay ahead of the curve by identifying and capitalizing on emerging trends, using social media, pop culture, and current events for inspiration. The novelty store may ensure that novelty items offer perceived value that justifies their price point. The marketing people of the company may make product presentations engaging and highlight the unique selling points of your novelty items. The proposed framework may be adopted by the novelty product companies to improve their business performance. Future researchers may conduct further studies using additional dimensions like product characteristics, customer behavior and product trends to develop a business model.

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