

The Impact of Online Shopping in Boosting Sales and Cost Reduction in Commercial Companies

Chnar Abdullah Rashid¹

¹Sulaimani Polytechnic University, Technical College of Administration, Accounting & Finance Department, Sulaimani, Iraq

Correspondence: Chnar Abdullah Rashid, Sulaimani Polytechnic University, Sulaimani, Iraq.

Email: chnar.rashid@spu.edu.iq

Doi: 10.23918/ejmss.v1i2p1

Abstract: This research mainly focused on using social media and its impact on increasing sales and cost reduction. This attempt was conducted through online questionnaire which was sent to 120 commercial traders in Kurdistan Region of Iraq/ Sulaimani via messenger. It contains 17 questions which consists of 6 main dimensions: (use of social media; boosting sales; increasing profits; cost reduction; reliability; resale intention) and 91 responses were collected. A hypothesis was developed in which online shopping or social media has impact on boosting sales, profits, and costs reduction. The result shows that social media has impact on sales and profit positively. More information has been illustrated in this research.

Keywords: Sales, Profits, Cost Reduction, Commercial Company, Social Media, Online Shopping

1. Introduction

Internet has brought enormous advantages and changes to the business in the world. Commercial Companies can make sales through internet and deliver their products to customers without visiting stores. Similarly, customers can select the product desired via internet more particularly through social media. Online shopping can be defined as the share of business information, existence of business relationship and conducting transactions through networks (Fang, Wen, George, & Prybutok, 2016). Business of goods and services is not the sole representation of online shopping. Nonetheless, it is for keeping

relationships with buyers and customers. Business to business and business to consumers are the main types of online shopping which exists for more than 40 years (Uzun & Poturak, 2014; Khan & Yildiz, 2020). Planning sales is an effective method in proceeding sales management which involves forecasting sales, managing demand, and setting profits based on target sales. Sales planning are significant to achieve business objectives which need to contain some strategic documents to reveal business purposes and resources (Agnihotri, Dingus, Hu, & Krush, 2016).

Profits can be defined as the amount of earnings that exceed expenditures for a specific time period. In other words it is the left amount of income after deducting all the expenditures but not all the paid expenses during the period (Carter, 2019). Cost reduction is a process of decreasing expenses to increase profits without negative impact on the product quality which drives company's operations more efficient and high profits (Vergados, Mamounakis, Makris, & Varvarigos, 2016).

There are many studies on sales and profits and cost reduction in all around the world. Ha, Tian, and Tong (2017) mentioned that forecasting demand can enhance the planning of cost reduction such as target costing which is one of the cost management tool for decreasing the cost of a product over its life cycle with the help of some other departments such as: marketing, accounting, and research & development. Hence, in some automobile industries, target costing is used for cost reduction based on sales forecasts. When the size of sales is expected to increase, a producer will target an advance cost reduction. Mani, Kesavan, and Swaminathan, (2015) studied the impact of understaffing on sales and profitability in retail stores. They discovered that their sample was systematically understaffed during a 3-hour peak period. Eliminating this problem can increase sales and profits significantly.

Although, using social media for introducing products is crucial for companies, still it is not beneficial, if it does not increase sales and profits and reduce costs. This will raise a question why traders use social media for introducing their product, if it is not enhancing sales and profits in one side and reducing costs in another side? Thus, the purpose of the study is to examine whether use of social media affects sales and profits and cost reduction in Kurdistan Region of Iraq and more precisely in Sulaimani City. This research discovered that online shopping (social media) has impact on sales, profits, and cost reduction in commercial companies.

2. Literature Review

2.1 Online Shopping

Online shopping has become an essential part of today's economy. Thus, it is significant to detect and protect customers against any threats which can affect their personal information (Chakraborty, 2016; Fang et al., 2016).

Due to globalization and being busy with lifestyle people may want to purchase their daily necessity products via internet which result in searching information. The latest can be classified into internal and external information search (Chiu, 2019). The first one refers to customers' personal searching information through their personal memory. Having no prior knowledge of a product or service will result in searching information to reveal information regarding to the product or the service which can be categorized as external information search (Chiu, 2019).

At the beginning, usually internal search will be performed to make a decision, when it does not provide sufficient information, then the external search will implement through the external environment (Chiu, 2019). In order to make a best purchase decision, customers must pay attention to obtain specific information regarding to their purchase activity (Torlak et al., 2019). Obtained information from each store will be compared continuously by customers to choose the best product to purchase (Budur et al., 2018). This search for information will be stopped when marginal cost is equal to marginal benefit based on cost-benefit framework (Budur, 2018; Chiu, 2019; Fang et al., 2016).

Customers continuously search for product to purchase whether in an online or offline platform (Budur et al., 2019). Although, online searching is efficient, still search costs must be existed. For instance, time and energy must be spent to achieve a large number of filtered information. Thus, the advantages of an online search are more than offline one (Chiu, 2019).

2.2 Cost Reduction

Cost reduction means the process of decreasing the amount of money spent on production in order to make the product more profitable. This reduction should be planned and analyzed continuously of costs for further economic achievement without loss of quality

(Cheung, Lee, & Chan, 2015). This process can come through superior efficiency which might be achieved by obtaining a large number of productions from the same facilities, using cheaper materials with different quality or simplifying the process of production without loss of quality of the finished product. If this reduction comes through the prices of materials and labor, this will result in short-lived. Thus, it must be permanent and through developments in production methods via researching (Ciez & Whitacre, 2016). However, the reduction should not be at the cost of basic characteristics, for instance quality of the products or services (Cheung, Lee, & Chan, 2015).

Thus, it is crucial to eliminate wasted elements of methods in producing productions and it should not be at the cost of quality (Shirazi & Jadid, 2017). There is always an opportunity to reduce cost but, it needs researching in a continuous way in order to discover the best possible devices of performance to insure the minimum possible costs (Pillai, 2015). There are a various number of techniques used for reducing costs such as: material, labor, and overhead control; standard costing; and budgetary control (Shirazi & Jadid, 2017).

Cost reduction should be actual and permanent owing to changes in government policy such as tax reduction. This reduction has influence when expenditure is decline but the volume of output remains unchanged (Pillai, 2015). On the other hand, when the size of product increases the cost is remaining constant (Demir, 2019). Thus, cost reduction results in increase in margins and also may pass to customers in the form of low prices or more product purchase with the same price. This will derive more demand for the products and also government might achieve higher tax revenues (Shirazi & Jadid, 2017).

However, cost reduction might be dangerous when the quality is sacrificed. Reducing costs derives decline in quality into such an extent that cannot be accepted in the market. This will result in loss of business to the competitors (Demir et al., 2019). Hence, the success of this reduction depends on cooperation among employees, unless the program of cost reduction will be in dangerous.

Likewise, the cost manager should ensure that this reduction is actual and permanent. Individual and organizational objectives should be differing. Unless the conflict will exist, because cost might be decline in particular department but in a whole business might occur oppositely (Shirazi & Jadid, 2017).

2.3 Sales and Profit

Making sales and generating profits need some kind of activities and process in order to promote and sell goods and services (Phiri & Ferguson, 2016). One of these activities is follow up with the marketing department leaders to develop an appropriate structured timely follow-up from sales department members (Beulah, Shailaja, & Jose, 2018). Furthermore, create relationship between buyer and seller is another key function of sales in order to build confidentiality among them. Likewise, salesperson needs closing to turn leads into consumers which might be made by face to face meeting or shaking hands in face to face shopping (Pedroso, da Silva, & Tate, 2016). Hence, retention is a significant function of sales that develops a long term relationship with customers, and persuades the current customers to remain and attracting new customers from their competitors to build additional sales beyond the basic purchase (Phiri & Ferguson, 2016).

These functions can be committed by some techniques, for instance limiting opportunity. The idea is limiting the opportunity by time which means the offer is useful for this month only, or by availability that can be the last option on the portion (Phiri & Ferguson, 2016). Moreover, considering pain points is an effective way by salesperson to understand the clients' needs and to attempt solves client's issues (Zhang, Pauwels, & Peng, 2019). Hence, it develops a good relationship with customers to demonstrate their interest to solve customers' problem (Beulah, Shailaja, & Jose, 2018).

Barbieri and Tew (2016) discussed the economic benefits of agritourism activities and they reveal that the sales revenue increases in a firm individually not universally. Rashid, (2019) conducted a research in Kurdistan Region of Iraq about pricing policy and its impact on profitability. She revealed that while coin does not exist in the market, but it has impact on sales and profitability positively. Thus, it's crucial for commercial companies to consider selling online or introducing products via social media for attracting a number of customers. Therefore, the following hypothesis has been developed:

H1: online shopping will boost sales by using social media.

H2: online shopping will increase profits by using social media.

H3: using social media will reduce costs.

3. Methodology

3.1 Data Analysis and Findings

Online questionnaire has been used in this research which is a qualitative technique to explore the relationship between variables. The questionnaire was sent to 120 commercial companies in Sulaimani City via messenger, and 91 responses have been collected. A Likert Scale was used on a range from 1 to 5, with scale 1 indicating 'not at all'; 2- not; 3- no idea; 4-yes; and 5 representing definitely yes. The findings from the respondent's feedback are demonstrated in the following tables and charts:

Table 1: The value of the Alpha Cronbach coefficient

| Number | Variables | Number of class | Value(α) |
|---|--|-----------------|-------------------|
| Independent variable (online shopping) | | | |
| 1 | Use of Social Media | 3 | 0.863 |
| 2 | Reliability | 3 | 0.884 |
| 3 | Resale Intention | 2 | |
| Dependent variable (increase sales, Cost Reduction) | | | |
| 4 | Boosting Sales | 2 | 0.862 |
| 5 | Increasing Profits | 3 | 0.897 |
| 6 | Cost Reduction | 3 | 0.776 |
| Total | online shopping, increase sales, Cost Reduction | 16 | 0.8564 |

3.1.1 Resolution Tests

Table (1) alpha Cronbach shows the result of the participations reliability. On the other hand, Alpha Cronbach coefficient is used for the purpose of ensuring the scale used stability, to determine the accuracy of the members' answers of the research sample.

Depending on the analysis results from the computer, it is clear that the Alpha Cronbach coefficient value is equal to (0.8564) at the total level of the two variables (online shopping, sales and cost). As a result, the value of alpha Cronbach equals to (0.975), and then the results of alpha Cronbach and validity shows that the questionnaire is highly reliable.

Table 2: Description of variables

| Questions | Not at all | No | No idea | Yes | Definitely yes | Mean | D. S | C. V | Relative importance |
|----------------|------------|-------|---------|-------|-------------------|------|------|-------|------------------------|
| | NO | NO | NO | NO | NO | | | | |
| | % | % | % | % | % | | | | |
| X ₁ | 3 | 3 | 6 | 50 | 23 | 4.02 | 0.9 | 22.39 | 80.4 |
| | 3.5 | 3.5 | 7.1 | 58.8 | 27.1 | | | | |
| X ₂ | 9 | 18 | 13 | 33 | 12 | 3.25 | 1.23 | 37.85 | 65 |
| | 10.6 | 21.2 | 15.3 | 38.8 | 14.1 | | | | |
| X ₃ | 4 | 11 | 6 | 51 | 13 | 3.68 | 1.04 | 28.26 | 73.6 |
| | 4.7 | 12.9 | 7.1 | 60 | 15.3 | | | | |
| Sum | 16 | 32 | 25 | 134 | 48 | 3.7 | 1.1 | 29.5 | 73.0 |
| | 6.27 | 12.55 | 9.80 | 52.55 | 18.82 | | | | |

Table (2) shows the first dimension of the research which is about the use of social media in order to discover (whether use of social media is helpful to introduce product; use of social media does not waste time; and use of social media is quick and easy to complete transaction). Thus, the respondents were asked to answer with the scale of 1 to 5. Clearly, 24 respondents out of 86 chose 'definitely yes' scale (5) of using social media is helpful for introducing product. While 53 of them selected yes' scale (4) and 6 of them chose 'no idea' scale (3) and 'not' scale (4) selected by 1 respondent. Hence, 'not at all' scale (1) was chosen by only 2 respondents. Repeat distributions (mean, stander deviation, coefficient of variance and relative importance) of this table indicate explanatory variables that focus on (use of social media). This variable has a mean of (3.7), a standard deviation of (1.1) and

the relative importance of (73.0%). Obviously, most of the respondents mentioned that the use of social media is helpful to introduce product which means online shopping and particularly social media can enhance sales by introducing products and attracting more customers.

However, 18 respondents selected 'not' scale (2) to mention that 'the use of social media does not waste my time'; 8 of them chose 'not at all' scale (1); but 35 of respondents indicated 'yes' scale (4); while 11 of them selected 'no idea' scale (3); and only 14 of them chose 'definitely yes' scale '5'. This result reveals that the use of social media does not waste time for the majority of them which can improve sales and reducing costs, because they introduce their products via social media without paying the cost or at least they do not have costs for introducing product. Likewise, besides making usual sales in the same time limit, social media can be used for introducing products. Hence, 53 respondents chose "yes" scale (4) to mention 'the use of social media is quick and easy to complete transaction' and 18 selected 'definitely yes' scale (5). However, 3 respondents selected 'not at all' scale (1) and 5 chose 'not' scale (2) and 6 of them indicated 'no idea' scale (3). This improves that the use of social media is quick and easy for most of them to complete transactions and this will increase sales and providing more time to boost sales.

Table 3: Description of variables

| Questions | Not at all | No | No idea | Yes | Definitely yes | Mean | D. S | C. V | Relative importance |
|----------------|------------|-------|---------|-------|----------------|-------|-------|-------|---------------------|
| | NO | NO | NO | NO | NO | | | | |
| | % | % | % | % | % | | | | |
| X ₁ | 0 | 9 | 12 | 22 | 42 | 4.13 | 1.03 | 24.94 | 82.6 |
| | 0 | 10.6 | 14.1 | 25.9 | 49.4 | | | | |
| X ₂ | 6 | 21 | 23 | 23 | 12 | 3.16 | 1.16 | 36.71 | 63.2 |
| | 7.1 | 24.6 | 27.1 | 27.1 | 14.1 | | | | |
| Sum | 6 | 30 | 35 | 45 | 54 | 3.645 | 1.095 | 30.82 | 72.9 |
| | 3.53 | 17.65 | 20.59 | 26.47 | 31.76 | | | | |

Obviously, Table (3) indicates how much products have been sold in the shop in one side in shops and online in another side. 38 of respondents selected 'yes' scale (4) for having 50-60 units sold daily (shop and online), and 12 chose 'definitely yes' scale (5). However, 8 of them indicated 'not at all' scale (1) and 13 selected 'not' scale (2). Scale (3) was selected by 14 respondents for answering this question. Repeat distributions (mean, stander deviation, coefficient of variance and relative importance) of this table indicate explanatory variables that focus on (boosting sales). This variable has a mean of (3.645), a standard deviation of (1.095) and the relative importance of (72.9%).

Nevertheless, majority of the respondents selected 'not' scale (2) for having 50-60 units sold daily (shop only) which proves that online shopping makes extra sales for the traders by comparing this question with the previous one. Although, 13 and 4 respondents chose 'yes' and 'definitely yes' scale (4) and (5) respectively. Furthermore, 18 respondents pointed 'not at all' scale (1) and 14 of them selected 'no idea' scale (3).

Table 4: Description of variables

| Questions | Not at all | No | No idea | Yes | Definitely yes | Mean | D.S | C.V | Relative importance |
|----------------|------------|-------|---------|-------|----------------|------|------|---------|---------------------|
| | NO | NO | NO | NO | NO | | | | |
| | % | % | % | % | % | | | | |
| X ₁ | 1 | 7 | 8 | 29 | 40 | 4.18 | 0.99 | 23.6842 | 83.6 |
| | 1.2 | 8.2 | 9.4 | 34.1 | 47.1 | | | | |
| X ₂ | 7 | 29 | 19 | 15 | 15 | 3.02 | 1.24 | 41.06 | 60.4 |
| | 8.2 | 34.1 | 22.4 | 17.6 | 17.6 | | | | |
| X ₃ | 8 | 23 | 21 | 18 | 15 | 3.11 | 1.25 | 40.19 | 62.2 |
| | 9.4 | 27.1 | 24.7 | 21.1 | 17.6 | | | | |
| Sum | 16 | 59 | 48 | 62 | 70 | 3.44 | 1.16 | 34.98 | 68.73 |
| | 6.27 | 23.14 | 18.82 | 24.31 | 27.45 | | | | |

Clearly, Table (4) demonstrated that profits increased after using social media for the majority of the respondents. 49 out of 91 selected scale (4) 'yes'. Hence, 15 of them chose 'definitely yes' scale (5). However, only 3 of them pointed 'not at all' scale (1) and 10 of the respondents selected 'not' scale (2). Moreover, 8 respondents chose 'no idea' scale (3). Repeat distributions (mean, standard deviation, coefficient of variance and relative importance) of this table indicate explanatory variables that focus on (Increasing Profits). This variable has a mean of (3.44), a standard deviation of (1.16) and the relative importance of (68.73%).

However, the majority of respondents indicated that profits do not decrease after using social media by selecting 'not at all' and 'not' scale '1' and '2' for answering question number 8. Moreover, 15 selected 'no idea' scale '3' and only 2 of them chose 'definitely yes' scale (5) and 7 respondents indicated 'yes' scale (4).

Hence, for answering question 9 'profits remain stable after using social media' 18 respondents chose 'not at all' scale (1) and 36 of them selected 'not' scale (2). However, 15 respondents pointed 'yes' scale (4) and 2 of them indicated 'definitely yes' scale (5). Furthermore, 14 selected 'no idea' scale (3). This will prove that the hypothesis is true which indicated that the use of social media will increase profits.

Table 5: Description of variables

| Questions | Not at all | No | No idea | Yes | Definitely yes | Mean | D. S | C. V | Relative importance |
|----------------|------------|-------|---------|-------|-------------------|------|------|-------|------------------------|
| | NO | NO | NO | NO | NO | | | | |
| | % | % | % | % | % | | | | |
| X ₁ | 9 | 41 | 5 | 20 | 10 | 2.51 | 1.64 | 65.34 | 50.2 |
| | 11.6 | 48.2 | 5.9 | 23.5 | 11.8 | | | | |
| X ₂ | 7 | 18 | 19 | 22 | 19 | 3.68 | 1.51 | 41.03 | 73.6 |
| | 8.2 | 21.2 | 22.4 | 25.9 | 22.4 | | | | |
| X ₃ | 6 | 11 | 11 | 33 | 24 | 3.72 | 1.21 | 32.53 | 74.4 |
| | 7.1 | 12.9 | 12.9 | 38.8 | 28.2 | | | | |
| Sum | 22 | 70 | 35 | 75 | 53 | 3.30 | 1.45 | 46.30 | 66.07 |
| | 8.63 | 27.45 | 13.73 | 29.41 | 20.78 | | | | |

Obviously, Table (5) indicates cost reduction after using social media. 12 and 42 respondents selected 'not at all' and 'not' scale (1) and (2) to mention that costs increased after using social media, while 18 and 4 respondents chose 'yes' and 'definitely yes' scale (4) and (5) respectively. Hence, only 9 respondents selected 'no idea' scale (3).

Clearly, 21 respondents selected 'not at all' scale (1) to mention that costs decreased after using social media, and 35 of them chose 'not' scale (2). Hence, 16 respondents selected 'yes' scale (4) and only 1 respondent chose 'definitely yes' scale (5) which means using social media does not reduce costs. Likewise, 11 respondents pointed 'no idea' scale (3). Repeat distributions (mean, stander deviation, coefficient of variance and relative importance) of this table indicate explanatory variables that focus on (cost reduction). This variable has a mean of (3.30), a standard deviation of (1.45) and the relative importance of (66.07%).

Interestingly, 36 respondents selected 'yes' scale (4) and 12 of them chose 'definitely yes' scale (5), while 6 of them selected 'not at all' scale (1) but 16 respondents pointed 'not' scale (2) and 15 respondents selected 'no idea' scale (3). This means that using social media is just for introducing products. It is not a way for reducing costs, because the majority of traders have store for shopping, they do not rely on online shopping without store. Thus, this will support the third hypothesis that online shopping does not reduce costs.

Table 6: Description of variables

| Questions | Not at all | No | No idea | Yes | Definitely yes | Mean | D.S | C.V | Relative importance |
|----------------|------------|------|---------|-------|----------------|------|------|-------|---------------------|
| | NO | NO | NO | NO | NO | | | | |
| | % | % | % | % | % | | | | |
| X ₁ | 4 | 4 | 12 | 50 | 15 | 3.8 | 0.95 | 25 | 76 |
| | 4.7 | 4.7 | 14.1 | 58.8 | 17.6 | | | | |
| X ₂ | 6 | 8 | 13 | 41 | 17 | 3.65 | 1.12 | 30.68 | 73 |
| | 7.1 | 9.4 | 15.3 | 48.2 | 20 | | | | |
| X ₃ | 4 | 11 | 11 | 45 | 14 | 3.64 | 1.06 | 29.12 | 72.8 |
| | 4.7 | 12.9 | 12.9 | 52.9 | 16.5 | | | | |
| Sum | 14 | 23 | 36 | 136 | 46 | 3.70 | 1.04 | 28.27 | 73.93 |
| | 5.49 | 9.02 | 14.12 | 53.33 | 18.04 | | | | |

Clearly, Table (6) shows that most of the respondents pointed scale (4) 'yes' for answering 'the money is delivered by the right time after the product is given to customers' to indicate the reliability of using social media. Likewise, 15 respondents selected 'definitely yes' scale (5). However, 10 of them chose 'no idea' scale (3). Hence, scale (2) and (1) 'not' and 'not at all' were selected by 4 and 3 respondents respectively. Repeat distributions (mean, standard deviation, coefficient of variance and relative importance) of this table indicate explanatory variables that focus on (reliability). This variable has a mean of (3.70), a

standard deviation of (1.04) and the relative importance of (73.93%). This will assist traders to rely on using social media in making businesses.

Hence, 45 respondents chose 'yes' scale (4) for answering 'the order that came was represented accurately by the customers' and scale (5) 'definitely yes' selected by only 19 respondents. However, 13 of them pointed 'no idea' scale (3) and 4 respondents chose scale (1) 'not at all' and scale (2) 'not'.

Interestingly, 48 respondents selected 'yes' scale (4) and 21 of them chose 'definitely yes' scale (5) for answering 'I sell what I received as order from the customers. However, 8 respondents pointed 'no idea' scale (3) and scale (2) 'not' and scale (1) 'not at all' selected by 5 and 3 respondents respectively. Thus, it can be assumed that traders can rely on using social media for making businesses in a way product will be introduced and sales will be improved.

Table 7: Description of variables

| Questions | Not at all | No | No idea | Yes | Definitely yes | Mean | D. S | C. V | Relative importance |
|----------------|------------|-------|---------|-------|----------------|------|------|-------|---------------------|
| | NO | NO | NO | NO | NO | | | | |
| | % | % | % | % | % | | | | |
| X ₁ | 7 | 9 | 11 | 37 | 21 | 3.66 | 1.2 | 32.79 | 73.2 |
| | 8.2 | 10.6 | 12.9 | 43.5 | 24.7 | | | | |
| X ₂ | 8 | 11 | 11 | 34 | 21 | 3.58 | 1.26 | 35.20 | 71.6 |
| | 9.4 | 12.9 | 12.9 | 40 | 24.7 | | | | |
| Sum | 15 | 20 | 22 | 71 | 42 | 3.62 | 1.23 | 33.99 | 72.4 |
| | 8.82 | 11.76 | 12.94 | 41.76 | 24.71 | | | | |

For answering 'for me social media is the best retail way to do business with' 39 respondents chose 'yes' scale (4) and 26 of them selected 'definitely yes' scale (5), but scale (3) 'no idea' was pointed by 10 respondents. However, scale (2) and (1) 'not' and

'not at all' were selected by 7 and 3 respondents respectively. Repeat distributions (mean, standard deviation, coefficient of variance and relative importance) of this table indicate explanatory variables that focus on (resale intention). This variable has a mean of (3.62), a standard deviation of (1.23) and the relative importance of (72.4%).

This means social media for most of the traders became a common and good way for making businesses, owing to not involving costs. Thus, social media can enhance sales for traders and improving profits without increasing costs while most of the ways to increase profits need extra costs. Finally, for 36 respondent's social media is a favorite retail way since they selected 'yes' scale (4) for answering the last question and 24 of them chose 'definitely yes' scale (5). However, 7 respondents pointed 'no idea' scale (3) and 11 respondents indicated 'not' scale (2) and only 7 of them selected 'not at all' scale (1).

Table 8: A relationship between variables

| online shopping, increase sales, Cost Reduction | | | | |
|---|-------------|-----------------|----------------|----------------|
| | | online shopping | increase sales | Cost Reduction |
| online shopping | Correlation | 1 | 0.850 | -0.708 |
| | Sig. | | 0.000 | 0.000 |
| | Sample | 85 | 85 | 85 |
| increase sales | Correlation | 0.850 | 1 | 0.797 |
| | Sig. | 0.000 | | 0.000 |
| | Sample | 85 | 85 | 85 |
| Cost Reduction | Correlation | -0.708 | 0.797 | 1 |
| | Sig. | 0.000 | 0.000 | |
| | Sample | 85 | 85 | 85 |
| The level of significance at level 0.05 | | | | |
| There is a relationship between the statistical function between online shopping, Cost Reduction and increase sales | | | | |

Ho: There is no relationship between online shopping and increase sales

H1: There is a relationship between online shopping and increase sales

Ho: There is no relationship between online shopping and cost reduction

H1: There is a relationship between online shopping and cost reduction

In Table (8) there is a significant positive statistical correlation between online shopping and increase sales which is (0.85) and the significance value is 0.000 which is less than

0.05. This indicates acceptance of the second hypothesis, (a positive correlation between the extent of online shopping and increase sales).

There is a significant negative statistical correlation between online shopping and cost reduction which is (-0.708) and the significance value is 0.000 which is less than 0.05. This indicates acceptance of the second hypothesis, (a negative correlation between the extent of online shopping and cost reduction).

Table 9: Regression analysis of a dependent variable (increase sales) The effect of online shopping on increase sales

| Model | Unstandardized Coefficients | | T Test | Sig. | R ² | F Test | Sig. |
|-----------------|-----------------------------|------------|--------|-------|----------------|--------|-------|
| | B | Std. Error | | | | | |
| Constant | 0.346 | 0.228 | 3.519 | 0.001 | 0.723 | 216.25 | 0.000 |
| online shopping | 0.933 | 0.063 | 14.71 | 0.00 | | | |

Ho: There is no effect of online shopping on increase sales

H1: There is an effect of online shopping on increase sales

In Table (9) the value of the expected variables (increase sales) is significant for p-value of (0.000) that is less than the significant level of 0.05, which means that it is statistical significance and accept the alternative hypothesis. It is clear that the value of the independent variable factor (online shopping) is 0.933, while the value of the coefficient of determination is (0.723) and the total variation is equal to (72.3%) and the other variables (27.7%) are due to random error.

Table 10: Regression analysis of a dependent variable (cost reduction); the effect of online shopping on cost reduction

| Model | Unstandardized Coefficients | | T Test | Sig. | R ² | F Test | Sig. |
|-----------------|-----------------------------|------------|--------|-------|----------------|--------|-------|
| | B | Std. Error | | | | | |
| Constant | 1.301 | 0.406 | 3.207 | 0.002 | 0.5023 | 40.690 | 0.000 |
| online shopping | -0.489 | 0.11 | 4.549 | 0.00 | | | |

Ho: There is no effect of online shopping on increase sales

H1: There is an effect of online shopping on increase sales

Clearly, in Table (10), the value of the expected variables (cost reduction) is significant for p-value of (0.000) that is less than the significant level of 0.05, which means that it is statistical significance and accepts the alternative hypothesis. It is clear that the value of the independent variable factor (online shopping) is -0.489, while the value of the coefficient of determination is (0.5023) and the total variation is equal to (50.23%) and the other variables (49.17%) are due to random error.

4. Discussion

I argued at the beginning of this article that traders use social media for introducing their product, if it is not enhancing sales and profits in one side and reducing costs in another side. The findings that were presented in this research suggest that the use of social media for introducing products is boosting sales, profits, and reducing costs. This is important for traders to use social media because it is affected by sales and profits positively. Likewise, it does affect cost reduction, owing to using social media for introducing product and for making business online. Thus, it will be crucial for commercial companies to use social media for reducing costs, because increasing sales and profits will not be enough if the cost cannot be decreased. Economically, allocating time for managing a social media page involves cost, even if there is no payment for, because time is equal to money in economy.

This is quite different from a previous study which was conducted by (Sanjai & Periyasamy, 2018). They integrated cost reduction delivery policy into production inventory model. This model can be helpful for traders and manufacturers in determining the optimal quantity, cycle time and total cost of inventory. Hence, Sheldon, Mahadevan, and Kumar (2019) developed an optimal inventory policy for the inpatient hospital pharmacy to decrease the cost of inventory stock out and expired. They discovered that better result can be produced by Markov Decision Process based on inventory policy instead of traditional method. Likewise, Dey, Sarkar, Sarkar, and Pareek (2019) demonstrated that a sustainable integrated inventory model for maximizing profit with a controllable lead time, separate setup cost reduction, and consideration of environmental issues can reduce the initial setup cost and increase the initial quality.

5. Conclusion and Further Research

While this study does not offer a conclusive answer to the question of why traders use social media for introducing their products, if it is not enhancing sales and profits in one side and reducing costs in another side? it does show the influence of social media in boosting sales and cost reduction. This paper identified that the use of social media increases sales, profits, but it decreases costs. According to the questionnaire that was conducted in this paper, most of traders are willing to use social media to conduct their businesses and they assume that this will be more useful and costless since the use of social media became more common among the society. Hence, most of the women in Sulaimani city are working outside their home. Thus, they may prefer online shopping for saving time. Further research can be completed to investigate the reasons behind benefits of social media in reducing costs. Hence, the use of social media in Sulaimani city and customer satisfaction is another research area that can be conducted in the future.

References

- Agnihotri, R., Dingus, R., Hu, M. Y., & Krush, M. T. (2016). Social media: Influencing customer satisfaction in B2B sales. *Industrial Marketing Management*, 53, 172-180.
- Barbieri, C., & Tew, C. (2016). Perceived impact of agritourism on farm economic standing, sales and profits.
- Beulah, D., Shailaja, M., & Jose, J. (2018). Effect of sales and net profits on Indian stock returns. *IJRAR-International Journal of Research and Analytical Reviews (IJRAR)*, 5(4), 79-87.
- Budur, T. (2018a). Analytic hierarchy process to evaluate corporate image, trust, and switching cost of GSM operators: A case of Kurdistan Region of Iraq. *International Journal of Social Sciences & Educational Studies*, 5(2), 241-250.
- Budur, T., Faraj, K. M., & Karim, L. A. (2019). Benchmarking operations strategies via hybrid model: A case study of café-restaurant sector. *Amazon Investiga*, 8, 842-854.
- Budur, T., Rashid, C. A., & Poturak, M. (2018). Students perceptions on university selection, decision making process: A case study in Kurdistan Region of Iraq. *International Journal of Social Sciences & Educational Studies*, 5(1), 133-144.
- Carter, M. (2019). Competition and profit margins in the retail trade sector. *RBABulletin*, June.
- Ciez, R. E., & Whitacre, J. F. (2016). The cost of lithium is unlikely to upend the price of Li-ion storage systems. *Journal of Power Sources*, 320, 310-313.

- Chakraborty, R., Lee, J., Bagchi-Sen, S., Upadhyaya, S., & Rao, H. R. (2016). Online shopping intention in the context of data breach in online retail stores: An examination of older and younger adults. *Decision Support Systems*, 83, 47-56.
- Chiu, Y. P., Lo, S. K., Hsieh, A. Y., & Hwang, Y. (2019). Exploring why people spend more time shopping online than in offline stores. *Computers in Human Behavior*, 95, 24-30.
- Cheung, C., Lee, Z. W., & Chan, T. K. (2015). Self-disclosure in social networking sites: the role of perceived cost, perceived benefits and social influence. *Internet Research*, 25(2), 279-299.
- Dey, B. K., Sarkar, B., Sarkar, M., & Pareek, S. (2019). An integrated inventory model involving discrete setup cost reduction, variable safety factor, selling price dependent demand, and investment. *RAIRO-Operations Research*, 53(1), 39-57.
- Demir, A. D. (2019). A Benchmarking of service quality in telecommunication services: Case study in Kurdistan Region of Iraq. *International Journal of Social Sciences & Educational Studies*, 5(3), 216-231.
- Demir, A., Shawkat S, Majeed BN, Budur T. 2019. Fuzzy AHP and VIKOR to select best location for bank investment: case study in Kurdistan Region of Iraq. In *Effective Investments on Capital Markets*, Tarczyn'sk W, Nermend K (eds). Springer: Cham; 485-510.
- Fang, J., Wen, C., George, B., & Prybutok, V. R. (2016). Consumer heterogeneity, perceived value, and repurchase decision-making in online shopping: The role of gender, age, and shopping motives. *Journal of Electronic Commerce Research*, 17(2), 116.
- Ha, A. Y., Tian, Q., & Tong, S. (2017). Information sharing in competing supply chains with production cost reduction. *Manufacturing & Service Operations Management*, 19(2), 246-262.
- Khan, N. U. S., & Yildiz, Y. (2020). Impact of intangible characteristics of universities on student satisfaction. *Amazonia Investiga*, 9(26), 105-116.
- Mani, V., Kesavan, S., & Swaminathan, J. M. (2015). Estimating the impact of understaffing on sales and profitability in retail stores. *Production and Operations Management*, 24(2), 201-218.
- Mohammed, S. S., Suleyman, C., & Taylan, B. (2020). Burnout determinants and consequences among university lecturers. *Amazonia Investiga*, 9(27), 13-24.
- Pillai, U. (2015). Drivers of cost reduction in solar photovoltaics. *Energy Economics*, 50, 286-293.
- Phiri, F. M., & Ferguson, M. M. (2016). Exploring parents' satisfaction and its potential in boosting sales and profits in the tutoring business sector. *Journal of Small Business and Entrepreneurship*, 4(2), 1-9.

- Pedroso, C. B., da Silva, A. L., & Tate, W. L. (2016). Sales and operations planning (S&OP): Insights from a multi-case study of Brazilian Organizations. *International Journal of Production Economics*, 182, 213-229.
- Rashid, C. A. (2019). Pricing policy and its impact on the profitability. *International Journal of Finance & Banking Studies*, 8(3), 101-108.
- Shirazi, E., & Jadid, S. (2017). Cost reduction and peak shaving through domestic load shifting and DERs. *Energy*, 124, 146-159.
- Sanjai, M., & Periyasamy, S. (2018). Production inventory model with reworking of imperfect items and integrates cost reduction delivery policy. *International Journal of Operational Research*, 32(3), 329-349.
- Sheldon, B. A., Mahadevan, M. L., & Kumar, E. A. (2019). Demand forecasting and inventory cost reduction for the antibiotics for inpatients in hospital using markov decision process. *IJRAR-International Journal of Research and Analytical Reviews (IJRAR)*, 6(1), 554-564.
- Torlak, N. G., Demir, A., & Budur, T. (2019). Impact of operations management strategies on customer satisfaction and behavioral intentions at café-restaurants. *International Journal of Productivity and Performance Management*.
- Uzun, H., & Poturak, M. (2014). Factors affecting online shopping behavior of consumers. *European Journal of Social and Human Sciences*, (3), 163-170.
- Vergados, D. J., Mamounakis, I., Makris, P., & Varvarigos, E. (2016). Prosumer clustering into virtual microgrids for cost reduction in renewable energy trading markets. *Sustainable Energy, Grids and Networks*, 7, 90-103.
- Zhang, S., Pauwels, K., & Peng, C. (2019). The impact of adding online-to-offline service platform channels on firms' offline and total sales and profits. *Journal of Interactive Marketing*, 47, 115-128.