

SALES PROMOTION IN THE FUNCTION OF CREATING CONSUMER SATISFACTION AND INFLUENCING CONSUMER ATTITUDES

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DOI: <https://doi.org/10.31410/eraz.2018.466>

Abstract: *Sales promotion is one of the forms of marketing communication that affects both consumer satisfaction and consumer attitudes with various short-term incentives such as: prize programs, loyalty cards, consumer cards, credit cards, convenience cards, discounts, coupons, free products and similar.*

By linking Customer Relationship Management (CRM) and sales promotion as a marketing communication tool and by observing consumers through the behavioural and emotional component, the individual incentive means are used to identify, reward and retain profitable customers as well as attract new customers.

Key words: *sales promotion, marketing communications, consumers, satisfaction, attitudes*

1. INTRODUCTION

Companies, through different forms, i.e. means of marketing communication, inform, convince or remind consumers of products or brands they sell by using advertising, sales promotion, different events and experiences, public relations and publicity, direct marketing or face-to-face sales to connect the company with different people, places, events, brands, experiences, emotions etc. Individual forms of communication are most commonly combined in order to make the connection between the company and the consumer as successful as possible, i.e. forms of integrated marketing communications are used.

The sales promotion itself involves a pool of incentive means, mostly for the short term and are formed to encourage faster or more numerous purchases of certain products or services by the consumer or other companies and it involves tools for promotion of final consumption (samples, coupons, offering refunds, lower prices, premiums, rewards, rewarding the user, free trials, guarantees...), promotion of the store (lower prices, free goods, advertising and advertisement allowances), promotion of business operation and sales efforts (sales fairs and conventions, competitions for sales representatives...).

By connecting the Customer Relationship Management (CRM) system and sales promotion as a tool of marketing communication, mentioned individual forms of incentive means are used for identifying, rewarding and retaining profitable customers who will make more purchases, pass on their positive experiences and "bring in new consumers". When talking about building customer satisfaction, it is formed in accordance with set expectations, and the satisfaction itself

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comes about as a result of comparing the perceived characteristics with expectations. The perceived value describes the difference between the customer's assessment of all gains and expenses of an offer and the perception of possible alternatives [1].

Kumar and Reinartz [2] define the loyalty program as a marketing process which rewards the customer with an aim of encouraging his or her loyalty, i.e. new purchases, and has become an important CRM tool with the purpose of identifying, rewarding and retaining profitable customers.

This paper presents the results of a research conducted on loyalty programs and their influence on consumer loyalty and attitudes, their favorite form of short term incentive means as well as their way of expressing satisfaction or dissatisfaction.

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2. TASKS OF SALES PROMOTION AS AN ELEMENT OF MARKETING COMMUNICATION

Coupons, competitions, rewards, gifts, samples, discounts, sales allowances, tied selling and other are means of sales promotion which have the aim of achieving a faster customer response through communication which draws customer attention and stimulates immediate purchases with different incentives which represent added value.

Some of the tasks to be achieved by sales promotion as an element of marketing communication according to are:

- a) increase sales volume,
- b) impact the end consumer service,
- c) improve company image,
- d) satisfy end consumer needs,
- e) improve informing of consumers,
- f) attract new and retaining existing customers,
- g) increase the number of loyal customers,
- h) etc. [3].

Sales promotion itself provides incentive for shopping, and the means differ according to specific goals which are to be achieved. Sellers use incentive promotions to attract people and have them try a product, to reward loyal consumers and increase repeated purchases by occasional customers. Sales promotion often attracts people who are switching brands and who are primarily looking for a low price, high value or some sort of a premium [4].

Through sales promotion, consumers are stimulated to buy larger quantities of products, try free samples of new or already existing products, which leads them to make the purchases. For the same price, they get larger quantities of related products while creating loyalty to a certain brand of products.

Introducing a loyalty program creates possibilities of introducing additional discounts, vouchers, lower prices on certain products, refunds and the like.

Loyalty programs can be defined as a marketing strategy based on providing incentives with the aim of ensuring customer loyalty to the retailer [5]. Through a loyalty program, customers are rewarded with additional products, discounts, coupons and others privileges which are available exclusively to members of the loyalty program on the basis of previous purchases and points collected in a certain time period.

By introducing the loyalty program, companies manage customer relations as well. Developing relationships with customers through a Customer Relationship Management (CRM) business system enables gathering and pooling of data on every customer, quicker decision making as well as the development of targeted marketing for the competitive market positioning strategy. By issuing the cards, customer data is gathered and data bases are created, whereas through the use of cards key buyers are identified and customer differentiation is done on the basis of their needs and value for the company. Furthermore, communication with these customers enables the establishment of closer relations and gaining insight into their shopping habits and needs; on the basis of this information, products, services and messages are adapted to each customer. In this way, communication with key customers is established, customized through meaningful and diverse messages which affects product sales and increases consumer loyalty.

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3. LOYALTY PROGRAM - ADVANTAGES FOR CUSTOMERS AND SELLERS

Customer satisfaction, with the realization of successful sales, is the fundamental goal of forming the loyalty program. A satisfied customer is one who has fulfilled his or her expectations in terms of a certain product or service which was based on the perceived value, i.e. the difference between the received and the given for choices available, i.e. if the customer gains certain benefits and foresees certain expenses. The feeling of satisfaction or disappointment after shopping impacts the likelihood of the customer to buy the same product or use a service again.

Loyalty programs enable the customer to save money because the money spent is reimbursed through collected points and discounts; the communication towards the customer itself is centered around promises in terms of benefit because customers do not buy products and services, they buy benefits.

Advantages, both for consumers and companies themselves, gained through loyalty programs in terms of generating customer data bases are numerous - increase in satisfaction for current and potential customers, increase in sales, creating loyalty for the company, generating a data base on the shopping habits of consumers (ability to adapt to customers), identifying target customer segments with the ability to apply adapted marketing communication in each segment, application of direct marketing and a series of other benefits.

Through loyalty programs, based on gathered customer data, companies can create business strategies, i.e. determine which sales promotion program to use, incentive value, customer segment, means of communication as well as budget itself for the mentioned activities which will, ultimately, result in higher revenues and profits. Furthermore, based on gathered customer data companies develop their relations with suppliers because they monitor customer spendings and therefore plan purchasing based on sales, i.e. results of customer spendings and thus are able to negotiate more favorable terms, which ultimately reflects on their expenses as well.

The process of creating and retaining new customers is one of the tasks of loyalty programs which enables implementation of targeted marketing activities focused on the customer. Loyalty programs are successful if

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they are used to increase customer satisfaction, recognize and satisfy a certain customer's need, and establish a trust-based relationship. Fostering relationships with existing customers and maintaining their loyalty is more cost-effective in the long term than developing new programs and identifying new customers because a satisfied customer will often buy from the same store and thereby lower the risk of going to the competitive store. Positive experiences created through the overall process of purchase affect customer loyalty to the store where they make their purchases and achieve certain benefits as well as to certain products.

4. RESEARCH ANALYSIS

53 respondents participated in the conducted research on sales promotion as one of the forms of marketing communication which influences consumer satisfaction through various incentives via loyalty programs. The research was conducted through an online questionnaire in the period between 22 May and 30 May 2018, and it included 69% of female and 31% of male respondents of the following age groups: from 18 to 24 years of age 57%, from 25 to 30 years of age 17%, from 46 to 55 years of age 9%, from 31 to 36 and 55 to 62 years of age 4% each, and from 63 and above 2%. According to the current status, most of the respondents (43%) were students, followed by employed persons (40%), unemployed persons (15%) and, finally, pensioners (2%). Respondents' monthly incomes are shown on Chart 1. Most of the respondents, 52.8% of them, generate an income up to 3,000.00 HRK per month. 18.9% of the respondents generate an income between 5,001.00 HRK and 8,000.00 HRK, furthermore, 15.1% of the respondents with income between 3,001.00 HRK and 5,000.00 HRK, and 13.2% of the respondents monthly generate an income over 8,000.00 HRK.

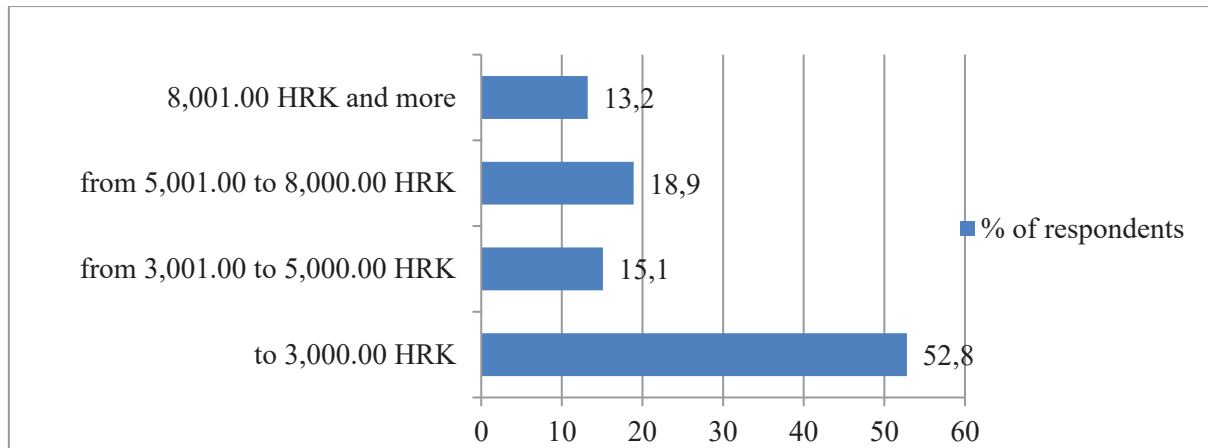


Chart 1. The structure of the respondents according to generated monthly income

Moreover, there were statements made in the questionnaire for which the respondents expressed their agreement or disagreement using a number between 1 and 5, 1 meaning "strongly disagree", and 5 meaning "strongly agree". Based on the expressed agreement with statements made, the respondents assess the loyalty program positively because it makes them feel privileged, and they communicate their positive experiences to others. The loyalty program also motivates them to shop again and it significantly influences their store choice as well as frequency of purchase. They also positively rate the option of trying out new products during which they decide whether to purchase them, as well as getting a free product as a purchase incentive. Chart 2. shows agreement or disagreement with the statements made.

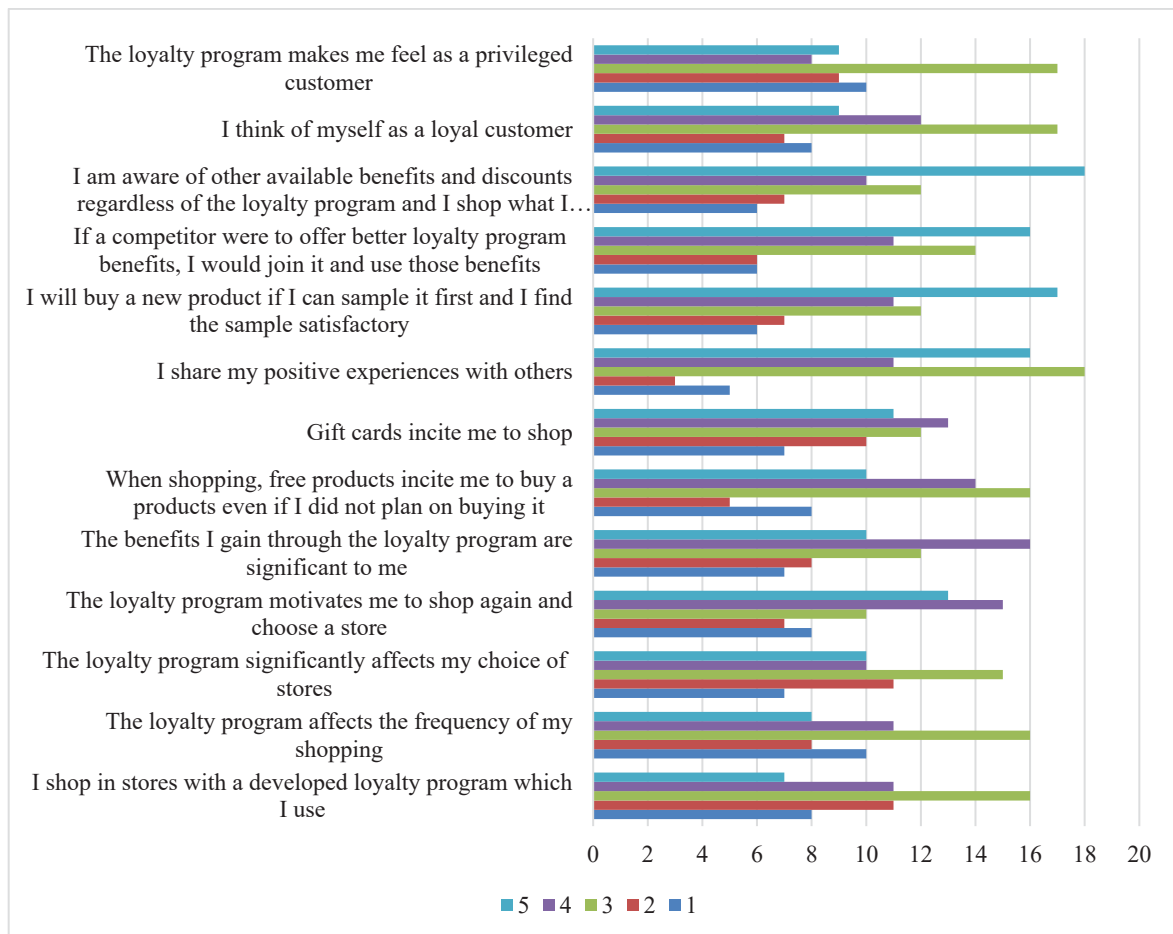


Chart 2. Respondents' agreement/disagreement with the statements made

The respondents answered the question: *Which loyalty card do you own and mostly use by writing in their answers.* Most of the respondents, 66% of them, used one of the loyalty cards during shopping, and 34% of them did not use loyalty cards. Chart 3 shows the respondent's answers and cards they used.

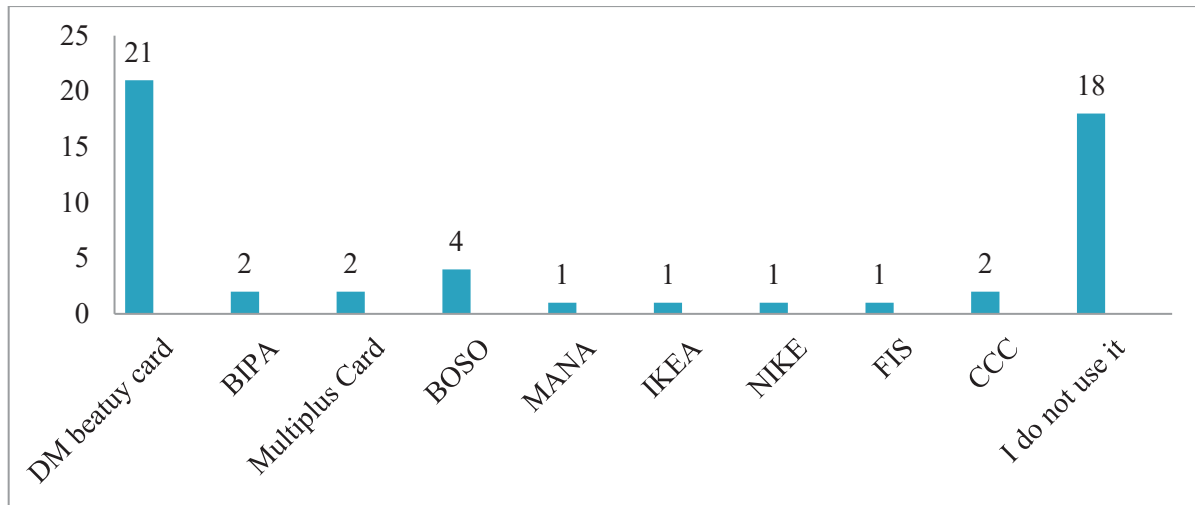


Chart 3. Loyalty program card representation and frequency of usage

Sales promotion is accomplished via short-term incentives such as: samples, coupons, refund offers, promotional price packaging, premiums (gifts), frequency of purchase programs, free trials, product guarantees, licensed promotions, cross-promotions and other. Chart 4 shows the structure of respondents according to their favorite form of sales promotion. The chart shows that the favorite forms of sales promotion are: promotional price packaging, refund offers and product guarantees, gifts and coupons. Other forms are represented to a lesser degree.

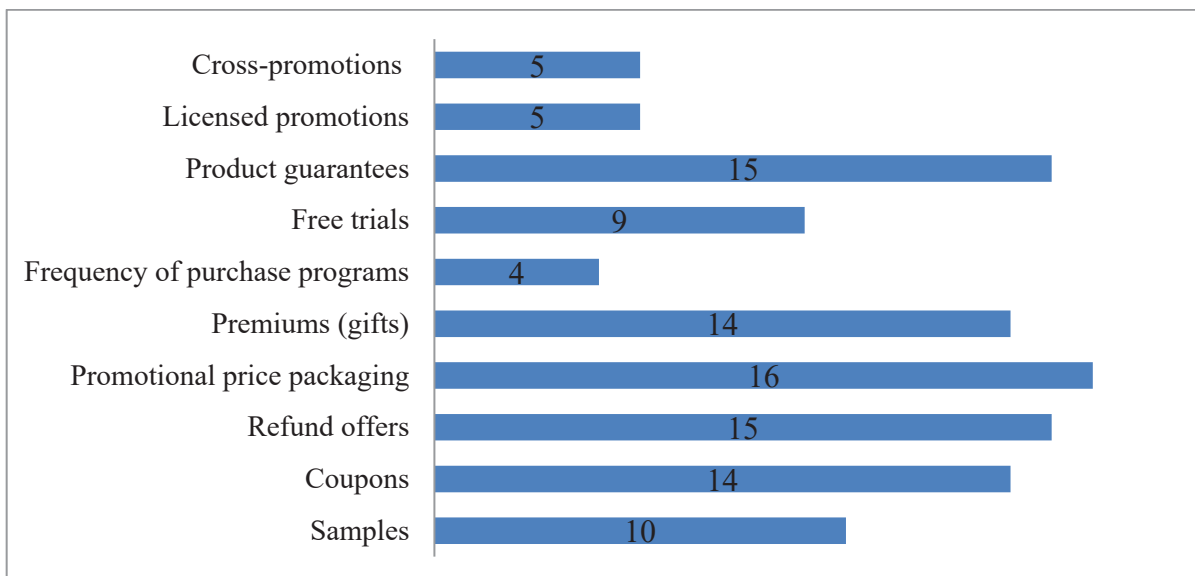


Chart 4. Respondents' favorite forms of sales promotion

In the following part of the questionnaire, the question was related to the way customers express their dissatisfaction with a product or a service. 53% of the respondents expressed their dissatisfaction with a poor rating, 17% of respondents submitted written complaints, 16% of

them used customer service, and 14% of them used other forms. Chart 5 shows the structure of respondents according to the way they express dissatisfaction.

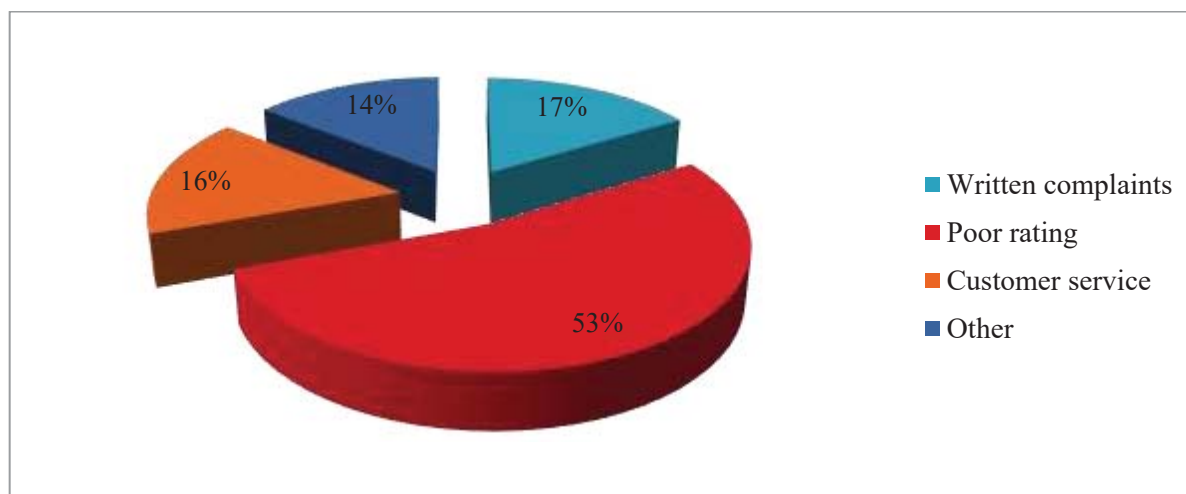


Chart 5. Manner of expressing dissatisfaction

5. CONCLUSION

Brand positioning means the space a service company is looking to occupy in the mind of a service user compared to the competition, or, more precisely, in the user's reflections about differentiating based on who offers what and who is better or worse [6]. Customers assess products and services comparing perceptions with expectations. Satisfaction is a subjective value that differs from customer to customer depending on perceptions, i.e. set expectations. Generating an overall satisfaction and a positive attitude toward products, the store, as well as frequency of purchase can be influenced through sales promotion as one of the forms of marketing communication with customers, and through establishing a loyalty program. The sense of saving money, i.e. the feeling of cost reductions creates additional satisfaction in the customer through short-term sales promotion incentives, which are achieved through promotional packaging, free products, trying out new products, coupons, refund possibilities and similar. Developing a customer relationship management system as well as loyalty programs is important for companies given that customers' desires and habits change, and they should thereby adjust the offer and keep the existing customers. Creating satisfied and loyal customers, keeping the existing market share and the company's public image is possible only by tracking changes on the market and tracking own customers, which is provided by the CRM system, as well as the loyalty program by which one can influence the sales promotion and the mind of the end customer.

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