Promotional Activities and Customer Satisfaction: Long-term Influence or a Temporary Marketing “Mirage”?

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Abstract: In this paper the influence of promotional activities on customer satisfaction is examined. In addition, key marketing constructs were measured in accordance with the goals of the research. These constructs are perceived quality, brand loyalty, and customer experience. The goal of this study is to determine the effectiveness of promotional activities regarding customer satisfaction in a modern marketing environment. Data was collected through an online survey from 466 subjects (customers, consumers, and users of various products). The structured survey was distributed in Serbia. The findings imply that promotional activities have a major influence on customers’ post-purchase experience. Further, the results show how promotional activities affect consumers’ and customers’ subjective views on products. As promotional activities and customer satisfaction play important roles in a marketing environment, it can be argued that this paper lends support and contributes to the existing body of literature in this domain.

Keywords: promotional activities, brand loyalty, perceived quality, customer satisfaction, marketing environment

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1. INTRODUCTION

Brand loyalty plays a crucial role in consumer behavior (Nam, Ekinci, & Whyatt, 2011). Similarly, Keller (2009) discussed that in a changing, and complex marketing environment, companies must build, and nurture brand loyalty in order to achieve business liquidity. (Heerde, Gijsenberg, Dekimpe, and Steenkamp (2013), Kotler and Armstrong (2017), and Lin (2010) published a considerable amount of studies on brand loyalty, and consumer behavior. In addition, Kassim and Asiah Abdullah, (2010) analyzed perceived quality and suggested that is acts as a major influential factor on consumer behavior. There is a growing body of literature that addresses the importance of customer satisfaction. It is a great challenge for researchers to keep up with the changes that occur in a marketing environment. Therefore, the aim of this present paper is to thoroughly analyze the influence of promotional activities on customer satisfaction. Furthermore, Kotler and Keller (2016) noted in their research that advertising positively affects brand loyalty. Rust, Inman, Jia, and Zahorik (1999) argued that customer satisfaction, and perceived quality provide only 50% of the predictions regarding future customer purchases. Complementary to their research, Sovinsky (2008) suggested that consumers are not fully aware of all the present brands on the market.

Powers, Choi, and Jack (2017) noted that customer satisfaction affects customer loyalty and it is the cornerstone of a competitive market position. Therefore, in this paper it is further speculated that in order to adequately analyze the influence of promotional activities on customer satisfaction, brand loyalty has to be considered, and included as a mediating factor in the research process. Tellis (1988) argued that there is a lot of uncertainty when it comes to advertising. A newer study conducted by Akaka and Alden (2015), suggests that repeated advertising on a global scale is a necessity when positioning global brands. In addition, Harms, Bijmolt, and Hoekstra (2017) noted that advertising on digital platforms can positively influence consumer behavior.

Taking into consideration all the above mentioned findings, this present study starts by further reviewing significant literature in the domain of promotional activities, and customer behavior. In the second section,
the research methodology is presented, including the sample size, survey design, and data analysis. The third section presents the results in more detail. Further, the results are discussed, and conclusions are drawn. In addition, the contribution, limitations, and implications of this present paper are described.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1. Promotional activities

Kotler and Armstrong (2017) identified promotional activities as a key element of the marketing mix. Powers and Loyka (2010) suggested that customer preferences, and motivations influence their behavior on the market. This is due to the intensive promotional activities that target these consumers. Indeed, it can be observed that the main process of marketing is to develop communication, and distribution channels. Through these channels promotional messages, products, and services are delivered to existing or new potential customers (Kotler & Armstrong, 2017). Much of the current literature pays attention to the brand’s image, and brand equity as influential factors on customer satisfaction. Therefore, this approach is broadened by including brand loyalty as a crucial mediating construct when analyzing promotional activities, consumer behavior and customer satisfaction.

Consumers interpret promotional messages carefully, and perceive the content of message in various ways. Loda (2014) pointed out that the core message of advertising affects the strength of the consumers’ beliefs. Similarly, Maulani (2017) found that marketing communication tools provoke different perceptions among individuals. Promotional activities can have an impact on brand loyalty, and customer experience (Bravo Gil, Fraj Andrés, & Martínez Salinas, 2007). The importance of advertising is analyzed in the findings of Hoban and Bucklin (2015), where the authors suggested that advertising has a role in developing purchase funnels.

Furthermore, Heerde et al. (2013) mention that advertising, and product price management is an effective method to influence consumers. (Vidas-Bubanja & Bubanja, 2015) also argued that messages from promotional campaigns affect customers as well as consumers. Early research of (Speck & Elliott, 1997) pointed out that advertising can be cluttered due to distractions, and disruptions of consumers. Advertisements can affect perceived product quality (Moorthy & Zhao, 2000; Žabkar, Brenčič, & Dmitrovič, 2010).

Based on this evidence, it is assumed that this phenomenon is more expressed today as the use of online advertising, and overall online promotional activities are more intense.

The body of literature in the domain of promotional activities is large. However, the analysis of how consumers in the Republic of Serbia are reacting to advertising and promotional activities overall, could contribute to the existing body of literature. Is an article on promotional activities, and customer satisfaction necessary? Can this present study contribute to the vast pool of existing articles? The answers are: Maybe, and it can. On the basis of the above mentioned research, following main, and auxiliary hypotheses are proposed:

\[ H_0: \text{Increasing the intensity of promotional activities improves customer satisfaction.} \]

\[ H_a: \text{Increasing the intensity of promotional activities, doesn't affect customer satisfaction.} \]

In addition to the main hypothesis, based on the literature review, following auxiliary hypotheses are suggested:

\[ H_{a1}: \text{Increasing promotional activities, positively influences brand loyalty.} \]

\[ H_{a2}: \text{Increasing promotional activities, positively influences perceived product quality.} \]

\[ H_{a3}: \text{Increasing promotional activities, improves customer experience.} \]

In the next section a theoretical background is provided for brand loyalty as an important mediating construct for this present research.

2.2. Brand loyalty

Companies gather, analyze, and use information about the market with the goal to create long-term relationships with consumers (Kotler & Keller, 2016). Long-term relationships are important for companies on dynamic markets. Kim, Morris, and Swait (2008) noted that advertising, and brand loyalty are complementary constructs, and are strongly connected to consumers, and customer behavior. Similarly, Mazodier and Merunka (2012) discussed the effects of sponsorships as a type of promotional activities on brand loyalty. They concluded that sponsorships have a positive influence on brand trust, and brand loyalty. Griffith (2010) theorizes that adapted marketing strategies are better aligned with crucial environmental factors, thus enhancing business performance.
Brand loyalty can be predicted based on traditional marketing constructs such as perceived quality, and customer satisfaction (Hollebeek, 2011). Perceived quality, and customer experience drastically affect the competitive status of a company (Hu, Kandampully, & Juwaheer, 2009; Severi & Ling, 2013). In a study investigating brand loyalty, Jang, Olfman, Ko, Koh, and Kim (2008) reported that companies, which have loyal customers, gain a competitive advantage over companies that don’t have highly loyal customers. Customers’ loyalty towards a brand, favorably contributes to overall customer experience (Kassim & Asiah Abdullah, 2010; Nam et al., 2011; Sahin, Zehir, & Kitapçı, 2011). Undoubtedly, it can be outlined that there is a connection between the fore-mentioned constructs. In sum, based on the review of literature in the domain of brand loyalty, the following additional auxiliary hypotheses are proposed:

\[ H_4: \text{Higher brand loyalty improves perceived product quality.} \]

\[ H_5: \text{Higher brand loyalty positively influences customer experience.} \]

### 2.3. Customer satisfaction and perceived quality

Companies develop products, and services with the goal to satisfy the needs of consumers (Kotler & Armstrong, 2017). Therefore, it can be argued that the needs of consumers, and customer satisfaction can influence business performance. Customer satisfaction has a positive relationship with increased cash flow, and lowered market variability (Gruca & Rego, 2005). Nonetheless, companies have to develop innovative, and unique products compared to the competition in order to achieve a sustainable position on the market (Truong, Klink, Simmons, Grinstein, & Palmer, 2017). This is important due to perceived quality. Perceived product quality defines the quality of the product that the customer experiences through the product’s purchase, exploitation, and its disposal (Percy, 2014). It is often different from objective product quality, and describes the consumer’s subjective views (Tsiotsou, 2006; Zabkar et al., 2010). McKay-Nesbitt, Manchanda, Smith, and Huhmann (2011) argued that marketing messages have the goal to persuade, and influence consumers’ behavior, and purchase decisions. These marketing messages are distributed through various promotional activities (Kotler, 2003). Similarly, Jain and Haley (2009) stated that through promotional activities companies can influence customers experience before, and after buying a product or service.

Customer satisfaction is crucial for business development (Kuo, Wu, & Deng, 2009; Muyammil, Haffey, & Riaz, 2010). In contrast, Sweeney and Swait (2008) pointed out that, merely brand loyalty can’t be a critical point of influence. There are more complex factors influencing customer satisfaction (Chen & Chen, 2010; Netemeyer et al., 2004; Ryu, Lee, & Kim, 2012). The studies presented so far, suggest a positive correlation between perceived quality, customer experience, and customer satisfaction. Thus the following auxiliary hypotheses are suggested:

![Diagram of research framework and hypotheses](image-url)
$H_6$: Positive perceived quality increases customer satisfaction.

$H_7$: Positive customer experience increases customer satisfaction.

$H_8$: Higher brand loyalty increases customer satisfaction.

The hypotheses and research framework are depicted on Figure 1.

In sum, eight auxiliary hypotheses are developed. These hypotheses describe the proposed relationships between the measured marketing constructs. In the next section the research methodology is presented.

3. RESEARCH METHODOLOGY

In order to test the suggested auxiliary hypotheses, an online survey was used to obtain data. Over 25,000 online surveys were distributed in the Republic of Serbia. Four hundred sixty-six (n=466) surveys were sent back. However, 55 individuals were excluded, as they failed to answer one or more questions. In Table 1 the survey items are presented.

The survey included 30 items grouped in five constructs. For every item a seven-point Likert scale was used. In addition, questions regarding basic information about the subject (age, gender, employment, and education) were added. The survey was based on similar research in the domain of promotional activities, customer satisfaction, brand loyalty, and perceived quality (Buil, de Chernatony, & Martínez, 2013; Chen & Ann, 2014; Kim, 2008; Mishra, Bhusan, & Dash, 2014; Zhang & Luo, 2016; Wilska, 2003). Addressing credible research in this domain, it was found that Likert scale items for this research, are adequate, and sufficient (Aaker, 1997; Bruner II, 2013; Ramaseshan & Tsao, 2007; Vigneron & Johnson, 2017; Zarantonello, 2016).

<table>
<thead>
<tr>
<th>Dimension/Construct</th>
<th>Items in the survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotional activities (PA)</td>
<td>This brand is strongly advertised. The brand spends more on advertising compared to similar brands. Ads often portrait this brand. Ads for this brand are creative. Ads for this brand are original. This brand often offers discounts. I think this brand is more often advertised than other brands. I often see ads for this brand on TV. I often encounter ads for this brand on the Internet. I often see billboards advertising this brand.</td>
</tr>
<tr>
<td>Brand loyalty (BL)</td>
<td>I find myself loyal to this brand. I’m ready to pay more for this particular brand. I will go to another store if I have to, to buy this brand. This brand is my first choice. I am loyal only to this brand. I always buy this brand’s products. I usually buy only this brand.</td>
</tr>
<tr>
<td>Perceived quality (PQ)</td>
<td>This brand is worth every penny. This brand offers great quality for the price. This brand satisfies my quality needs. This brands offers high quality products. The products are very reliable. This brands is focused on product quality.</td>
</tr>
<tr>
<td>Customer experience (CE)</td>
<td>I love to use this brand’s products. I enjoy using this brand’s products. The products of this brand fulfills my expectations.</td>
</tr>
<tr>
<td>Customer satisfaction (CS)</td>
<td>The products of this brand satisfies my needs. I am satisfied when I purchase a product from this brand. I feel good when I buy products under this brand. I don’t have regrets after purchasing this brand.</td>
</tr>
</tbody>
</table>
This study uses the obtained information from the surveys as primary research data. First, for every measured construct, descriptive statistical analysis was conducted in order to present the mean values, and standard deviation values. Furthermore, a reliability test was conducted, where the Cronbach’s alpha values were obtained. This was done in order to determine the internal consistency of the measured items (Gliem & Gliem, 2003). Regression analysis, and correlation analysis were used as main statistical tools. The goal was to determine the relationships between the marketing constructs. With the aim to exclude unwanted external factors that may interfere with the research, the following measures were taken:

- Due to the online nature of the survey, age bias, and users’ computer skills bias were avoided. The survey was designed in a way that it was easily accessible for potential respondents. In addition, the youngest respondent included in the survey is 15 years old, and the oldest respondent is 64 years old. This way, more variety was added to the sample.
- Likert scale items were used in order to acquire more reliable data on the measured constructs. Every item was “locked” every item, so there was no chance for double choices for the Likert scale, as this would make the answer invalid. Before the data was processed, all irregularities were addressed, and invalid survey responses were excluded.
- The surveys guaranteed total anonymity, and this was mentioned to every respondent. When the survey was designed, it was made sure that private, and sensitive information is not asked nor obtained from the respondents.

The settings used to target potential survey participants are presented in Table 2.

Furthermore, the obtained data was exported in the form of spreadsheets, and portable document format (PDF) files. The constructs were grouped in accordance with the proposed hypotheses.

### 4. RESULTS

#### 4.1. Descriptive statistics

In Table 3, the results of the descriptive statistics analysis and the reliability test are presented. These analyses obtained the mean, and standard deviation values,
and the Cronbach’s alpha values for each measured marketing construct.

Based on the results presented in Table 3, it can be seen that generally, the mean values are higher than 4.5, and the standard deviations are less than 1.5, except for brand loyalty (1.53). The Cronbach’s alpha values indicate a strong internal consistency between the measured items.

4.2. Regression analysis

Next, regression analysis was used in the data examination to predict the relationship between the observed marketing constructs. Customer satisfaction was viewed as a dependent variable and the other constructs as independent variables. In Table 4 the results of regression analysis are presented.

It can be seen that the high $R^2$ value (0.849) indicates that there is a strong relationship between the dependent variable (customer satisfaction) and the independent variables (promotional activities, brand loyalty, perceived quality and customer experience).

4.3. Correlation (Spearman) analysis

After the regression analysis, a Spearman’s correlation analysis was conducted with a significance level of 0.01. Namely, for ordinal values, Spearman’s correlation is more adequate, providing a more precise “picture” of the relationship between the observed variables (Hauke & Kossowski, 2011). The results of the Spearman’s correlation analysis are presented in Table 5.

The correlation values indicate a strong and positive correlation between the measured marketing constructs. In addition to the Spearman’s correlation, a scatter plot was created from the measured data. Figure 2 depicts the mentioned scatter plot.

The customer satisfaction values were projected on the Y axis. The promotional activities, brand loyalty, perceived quality, and customer experience values were projected on the X axis. Additionally, a linear trendline was created that presents the values of the promotional activities construct. In the next section the research results are thoroughly discussed.

5. DISCUSSION

5.1. Findings

Prior studies of Nam et al. (2011) noted that brand loyalty, and customer satisfaction are important for an adequate business performance. The results in this present paper results are complementary to their findings. This present study was designed according to similar studies conducted by Buil, de Chernatony, and Martinez (2013), C.-M. Chen and Ann (2014), Kim, (2008), Mishra, Bhusan, and Dash (2014), Zhang and

<table>
<thead>
<tr>
<th>Dependent</th>
<th>Independent</th>
<th>$\beta$</th>
<th>p-value</th>
<th>$R^2$</th>
<th>F</th>
<th>F Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Satisfaction</td>
<td>Promotional activities</td>
<td>0.894</td>
<td>p &lt; 0.001</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Brand loyalty</td>
<td>0.796</td>
<td>0.002</td>
<td>0.849</td>
<td>655.495</td>
<td>&lt;0.001</td>
</tr>
<tr>
<td></td>
<td>Perceived quality</td>
<td>0.851</td>
<td>0.014</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Customer experience</td>
<td>0.858</td>
<td>p &lt; 0.001</td>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Correlation analysis (Spearman)</th>
<th>Promotional activities (PA)</th>
<th>Brand loyalty (BL)</th>
<th>Perceived quality (PQ)</th>
<th>Customer experience (CE)</th>
<th>Customer satisfaction (CS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PA</td>
<td>1.000*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BL</td>
<td>0.764*</td>
<td>1.000*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PQ</td>
<td>0.816*</td>
<td>0.846*</td>
<td>1.000*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CE</td>
<td>0.548*</td>
<td>0.574*</td>
<td>0.538*</td>
<td>1.000*</td>
<td></td>
</tr>
<tr>
<td>CS</td>
<td>0.741*</td>
<td>0.599*</td>
<td>0.663*</td>
<td>0.500*</td>
<td>1.000*</td>
</tr>
</tbody>
</table>

* p<0.01;
Luo (2016), and Wilska (2003). In comparison to these papers, this present research hints a solid pattern where customer satisfaction affects perceived quality.

According to Pappu and Quester (2016) consumer perceived quality positively responds to brand loyalty. Brand loyalty was viewed as an influential factor on consumer behavior. Why was customer satisfaction analyzed? Well, Kotler and Keller (2016), Torres-Moraga, Vasquez-Parraga, and Zamora-Gonzalez (2008), and Truong et al. (2017) and a large number of other studies, argued the important nature of customer satisfaction. Namely, companies can’t develop long-term strategies if they don’t satisfy their customers. Previous studies in the domain of promotional activities are well established, however, with the goal to contribute to existing body of literature, other mediating constructs were included such as perceived quality, brand loyalty, and overall customer experience. The brand’s success positively affects consumers, as they become more regular buyers of the brand’s products (Odin, Odin, & Valette-Florence, 2001).

The results of this study imply that there is a strong, and positive relationship between the analyzed constructs. First, the reliability analysis clearly indicates that there is an acceptable internal consistency of the measured items. Second, the regression analysis results ($R^2=0.849$) imply that customer satisfaction has a positive relationship with the independent variables. The high $\beta$ values, indicate a positive relationship between the observed dimensions.

The Spearman's correlation analysis also indicates a strong, and positive correlation between the constructs. Interestingly, the lowest correlation value was between customer experience, and customer satis-
faction at 0.500. This can be due to the complexity of customer experience, thus customer satisfaction may not always fully correlate to it. However, the value of 0.500 is still high enough to consider an existing positive correlation between them.

The correlation between promotional activities, and customer satisfaction with the correlation value of 0.741 is satisfactory for this research. Further on, a scatter plot was created which depicted all the mean values of the measured constructs. The scatter plot visually indicates a positive relationship between the projected variables. Now, are these correlations implying causation? As an extensive literature review was conducted, it is argued that there is certain causality between the analyzed constructs. This research points to promotional activities as an influencing factor on customer satisfaction. This influence was analyzed through other marketing constructs in order to create a better understanding of the subject.

5.2. Contribution and implication

The literature review has given significant insight to the causational aspects of the observed variables. The results of this study is complementary to the theoretical background of the research. Now, why were the previous articles thoroughly analyzed? The literature review provided a solid basis for this present study. It was interesting to analyze, and note various findings in this domain of marketing, from various periods of time.

Therefore, this study moderately contributes to the literature in the domain of advertising, and overall promotional activities, and customer behavior. The analytical tools that were used on the obtained data, provided solid results with adequate objectivity on the investigated constructs. Even though there is a large number of studies published on this subject, it can be safely stated that this research adds a new approach to consumer analysis.

Furthermore, this study provides a solid basis for future research in this scientific domain. The results may have practical implications for companies, managers, and researchers. Companies can address this paper when deciding on new advertising strategies. Managers could use the results of this paper to make informed decisions regarding marketing strategy development. Further, this paper is convenient for researchers, as it offers a concise review, and analysis of important marketing constructs.

So far this section discussed the findings, contribution, and implication of this study. In the following section conclusions are drawn, the limitations are addressed, and future research is suggested.

6. CONCLUSION

This paper has argued the influence of promotional activities on customer satisfaction. The regression analysis produced a high $R^2$ value. Similarly, the correlation analysis showed strong positive correlation between the observed variables. It can be concluded that this suggests a positive relationship between the investigated marketing constructs. Therefore, the auxiliary hypotheses can't be rejected, the main hypothesis “$H_1$: Increasing the intensity of promotional activities, improves customer satisfaction,” can't be rejected.

The most obvious finding to emerge from this study is that marketing communication in the form of promotional activities has a positive influence on customer satisfaction, and overall customer experience.

The main limitation of this study is the online nature of the survey. Namely, online surveys may exclude certain individuals who are not interested to participate online. However, due to the subject of this research, the choice to participate online is not a critical influential factor. Therefore, this limitation is not severe, and that it doesn’t affect the findings of this study. Finally, future research is recommended to be carried out in this domain. Multiple samples should be compared, and analyzed. A more detailed survey, and interviews with customers could give a more accurate identification of relationships between marketing constructs. A larger sample size may bring new insight into the complexity of marketing environments.


U ovom radu ispituje se uticaj promocijskih aktivnosti na zadovoljstvo kupaca. Dodatno, analizirani su ključni marketing konstrukti u skladu sa ciljevima samog istraživanja. Ovi konstrukti su opaženi kvalitet, lojalnost prema brendu i iskustvo kupaca. Cilj ovog istraživanja je određivanje efektivnosti promocijskih aktivnosti sa aspekta zadovoljstva kupaca u modernom marketing okruženju. Podaci su prikupljeni putem onlajn upitnika. Ukupno 466 ispitanika (kupci, potrošači, korisnici različitih proizvoda) je popunilo i vratilo upitnik. Strukturirani upitnik je distribuiran u Srbiji. Nalazi ukazuju na to da promocijske aktivnosti imaju veliki uticaj na kupce i njihova iskustva nakon kupovine. Dalje, rezultati pokazuju kako promocijske aktivnosti utiču na subjektivna mišljenja kupaca i potrošača kada su proizvodi u pitanju. Kako promocijske aktivnosti i zadovoljstvo kupaca igraju važnu ulogu u marketing okruženju, može se tvrditi da ovaj rad pruža podršku i doprinosi postojećoj literaturi u ovom domenu.

**Ključne reči:** promocijne aktivnosti, lojalnost prema brendu, opaženi kvalitet, zadovoljstvo kupaca, marketing oruženje

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