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MARKETING COMMUNICATION:
LOYALTY TO GROCERY STORES BUILD ON FLYERS

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Abstract

This paper presents partial results of research based on consumer preferences when shopping for food. It is focused on the area of marketing communication and loyalty to grocery stores build on flyers. The main objective of this paper is to determine which consumers are influenced by flyers and which consumers are shopping for food according the information found in these flyers. The next objectives are to determine which consumers are influenced by flyers and which consumers are shopping for food according the information found in these flyers, to define which parameters are crucial for consumer when choosing his grocery store and to find a differences between consumers in different age or consumers of different gender in terms of influence by flyers.

The results are based on questionnaire survey that was conducted within the period from 2011 to 2013 on a sample of 4835 respondents from the Czech Republic, via online questionnaires. For the data collection the questionnaire system Re La, developed by the Department of Marketing and Trade at Faculty of Business and Economics at Mendel University in Brno, was used. Data was processed with statistical software STATISTICA (ver. 10). The results show that czech consumers are strongly influenced by flyers when shopping for food and also the flyers should be not only low price oriented, because consumers are most focused on information about fresh goods, quality of the goods and wide range of goods offered.

Key words: *Flyers, consumer behaviour, grocery stores, loyalty*

1. INTRODUCTION

Consumer behavior and its understanding is the subject of theoretical research and also interest of all market participants. Importance of this subject is constantly rising, if we realize that according to Czech chamber of agriculture food chain stores in the EU employ up to 48 million people, which will create more than 6% of EU28 GDP. In 2008, there were more than 900,000 retail food stores across countries of EU (Apic-ak.cz, 2013).

The Consumer buying behaviour refers to the buying behaviour of final consumers, individuals and households that buy goods and services for private consumption (Kotler and Armstrong 2008). Influences that affect the behaviour of consumers during the buying process are very important. Consumers must go through several stages of decision-making process. Most authors (Solomon 2004) name these: 1. problem recognition, 2. information search, 3. evaluation of alternatives, 4. product choices / purchase decision, 5. outcomes / post-purchase evaluation.

Marketers are also interested in how their customers can be influenced by marketing stimules and what are the consequences of them.

Szczyrba (2006) understands retailing as business or activity which includes the purchase of products from manufacturers, wholesalers or other middlemen. Cimler (2007) defines retail trade also as an enterprise (or business) which buys goods from the wholesalers or producers and adding that a product or service is sold without further processing to final consumers.

After 1989 the Czech Republic has changed from a centrally planned economy to a principle of market economy. In the restitution 11,000 stores has been returned to its original owners. The process of deconcentration and atomization subsequently started, followed by the internationalization process lasting until today (Boček, 2009). Number of retail stores in the Czech Republic in 1998 compared to 1989 increased by 132.7% from 41,188 to 95,852 stores. In 2012 the CSO records up to 148 thousand stores. Food market in the Czech Republic in the last 15 years has went through many significant changes. In the early nineties the Czech market accustomed to smaller stores and specialized formats began to build supermarkets. The first one was built in 1991 in Jihlava[40]. A year later first discount store was opened in Prague. At the end of 1996 the first hypermarket was opened in Brno and a year later the first "shopping mall" in Prague. In 1998 there is already over 250 hypermarkets and more than 1,300 retail units, supermarkets and discount stores. (CZSO, 2013)

In an increasingly competitive environment, companies must be customer oriented (Kotler, 1997). Consumer awareness of their needs, usually begins looking for an information. For the Czech Republic is a typically provision of information about current discounts, prices and events through flyers. And across all industries, companies print more then 390 of leaflets for one person. According to GfK Incoma only 11% of consumers don´t come in to contact with leaflets, 17% ignore them and whole 72% are only browsing them. 29% of consumers make the shopping decision according to them. The most important group for a leaflets marketing communication is aged 65 and more[41]. Moreover, in a period of economic crisis impulse purchases wane at the expense of well-planned ones for example with help of leaflets. In times of crisis then respondents read leaflets far more. For the respondents of this research are low prices also an important factor in the proces of choosing grocery store but the quality of food offered is for them far more crucial. The quality of food is according Sparks (2012) significantly associated with the size of store.

The importance of quality is a major criterion in the food retailing. Many customers may prefer other shops due to the decreasing level of quality and it is almost in up to 86% of cases. Also problems with quality of food can to merchants together with the actual product spoilage reduce revenues by up to 15%. (Xiaojun, 2012)

Briesch (2009) also points to importance of overall comfort during the purchase process. Reference is made to research (Arnold, Ma and Tigert 1978; Arnold Oum, and Tigert 1983; Arnold, Roth and Tigert 1981; Arnold and Tigert 1982) showing a greater impact on consumer convenience on choice of store compared to the price of food assortment offered, etc. In this paper we present results which confirm previous findings that low price is not that attractive for consumers compared with other facts which could be presented in leaflets as well.

2. OBJECTIVES AND METHODOLOGY

The aim of this research is to determine consumer preferences in the selection of grocery focusing on their reaction on leaflets connected with creating a loyalty to these stores. Next goals of this paper are:

[40] Town in South Moravia.

[41] In http://www.ceskatelevize.cz/ct24/ekonomika/166824-cesi-miluji-reklamni-letaky/

- determine which consumers are influenced by flyers and which consumers are shopping for food according the information found in these flyers;
- define which parameters are crucial for consumer when choosing his grocery store;
- to find a differences beetween consumers in different age or consumers of different gender in terms of influence by flyers.

Researchers of the Department of Marketing and Trade at FBE MENDELU conducted the primary data collection in the period 2011 to 2013 on the sample of 4835 respondents from all regions of the Czech Republic.

Online data collection was conducted via Research Laboratory (Umbrela) Questionnaire System. Statistical evaluation of the obtained data was conducted with use of STATISTICA (v. 10).

The sample characteristics:

- The sample is almost evenly divided into the following three categories accordingly to the size of the place of their residence: up to 3,000 inhabitants, 3,000 to 89,999 inhabitants, and municipalities with 90,000 or more inhabitants.
- The largest group of respondents was a group that consists of people with secondary education, with leaving exam (57.3%).
- There were various social groups of respondents according to their occupation; the two largest groups are a group of students (33.2%) and a group of employees (37.6%).
- The most represented age category is 35–54 years of age (20.1%), second largest group consists of age category 18–24 years (19.1%) and the third one of respondents in age category between 25–34 years (18.5%).
- Men are represented in the sample by 2225 respondents (43.64%) and women are represented in the sample by 2874 respondents (56.36%).

For analysis of verbal values the cumulation are calculated (absolute and relative), for numerical (quantitative) values additional statistical methods are used especially arithmetic mean, modus, dispersion, standard deviation, coefficients of contingency and cluster analysis. Contingency coefficients are measures of association of two nominal variables. It ranges between 0 (no relationship) and 1 (perfect relationship). Most commonly used coefficients are Pearson and Cramer Contingency Coefficients which were used in this paper. According to Cohen (1988) the intervals of evaluation are following:

- <0 - 0,3) small correlation
- <0,3 - 0,5) medium correlation
- <0,5 - 1) strong correlation

Cluster analysis involves numerous methods and processes. It is basically aimed to find a group which have a similar variables (Minařík, 2007). Cluster analysis sort objects into clusters capturing the similarity of objects belonging to the same group on one side and dissimilarity of objects belonging to different groups on the other. The principle of clustering methods is to used a measure of dissimilarity (or similarity) of objects and clusters when the Euclidean distance is the most widely used measure of dissimilarity. Hierarchical clustering for the purpose of this paper is used. Clustering process is expressed visually through the dendrogram.

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3. RESULTS

In the Czech Republic is currently operating many of retail chains, focusing on general and food assortment. In terms of the theme of this paper will be done only performance of these chains because of the difficulty to cover all possible variations of a selection of shops of all consumers in the Czech Republic (small mixed retail, small grocery stores, specialty stores, etc.). This paper is focused primarily on chain stores with own production of leaflets/flyers. The company Schwarz CR associates Lidl (currently 216 units), and Kaufland stores (78 stores). Company Ahold asociates supermarkets Albert (244) and hypermarket Albert (55). Rewe Group consists of Billa (200) and Penny Market stores. Furthermore, the Czech market is also covered by company Globus, Tesco stores, Makro, Interspar, ENAP, etc. Table 1 lists their sales for the years 2010 and 2011.

Rank	Group / Company	Sales (bln. CZK, tax included)	
		2010	2011
1.	Schwarz CZ	63,2	65,5
	Kaufland	40,0	42,0
	Lidl CZ	23,2	23,5
2.	Rewe CZ	51,1	53,6
	Billa	22,2	22,6
	Penny Market	28,9	31,0
3.	Tesco stores CZ	47,5	51,0
4.	Ahold Czech republic	42,3	44,0
5.	Makro CZ	33,1	32,5
6.	Globus	26,1	27,0
8.	Spar ČR	13,0	14,1

Table 1: Sales of retail chains in the Czech Republic in the years 2010, 2011

Source: http://www.incoma.cz/cz/ols/reader.aspx?msg=1217&lng=CZ&ctr=203

Czechs are more afraid of the crisis than ever before. They change their purchases of food and toiletries. Current study shopping monitor issued by the company INCOMA GfK says that it is almost 80% of households. A year ago this effect was admitted by "only" 60% of households and in 2009 it was 30% of households. Special offers and discounts became third in the absolute ranking of most important reason for selecting store. Almost 36% of consumers are using flyer for purchase planning. Such a high level of direct influence of flyers to purchase of the Czechs were recently in 2006 when they expected impacts of the VAT rate on food prices.

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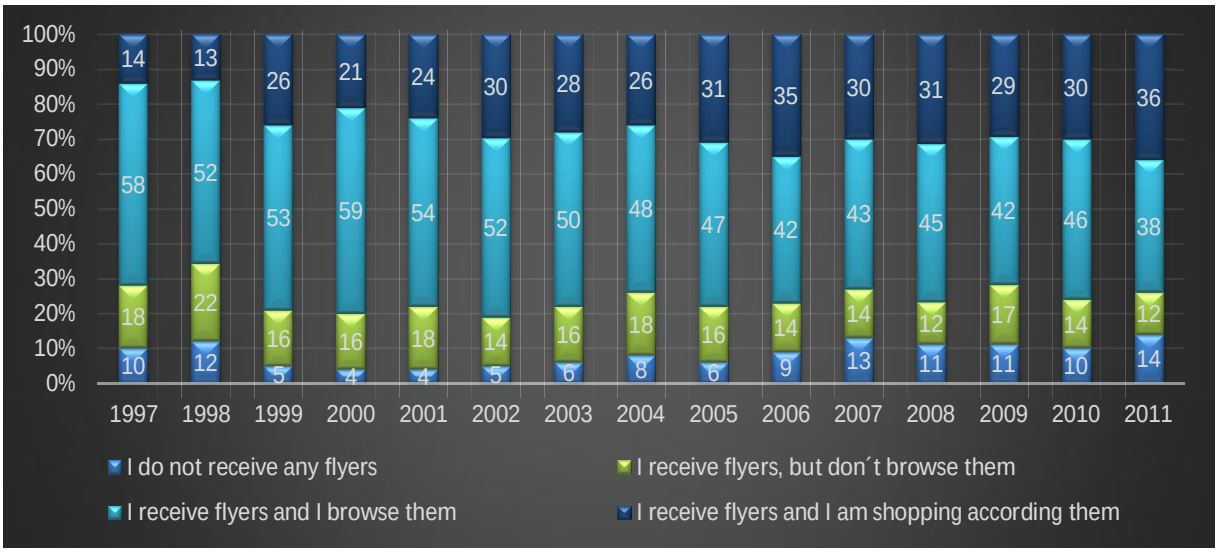


Figure 1: Are consumers influenced by flyers?

Source: *Incoma GfK – Shopping monitor CEE 2010 (edited)*

Leaflets or flyers could be a series tool to guarantee loyalty to stores from its customers. Our research shows, that almost 55% of consumers who are shopping in one favorite store are inspired by its flyers and for more than 74% of them are actual offers in flyers very important aspect of this store. More than half of respondents participated in research admits that the flyer of their store is one of the most important things which reflects frequency of their visits in this store. Also almost 17% of consumers are willing to change their store in matter of vision of better purchase inserted in flyer of competition store.

The table 2 presents the most important parameters for the consumers when choosing their food stores. These parameters can be considered as a very important for filling leaflets campaigns of chains stores as according to them the respondents decide whether they will visit the store. In the Czech Republic is still ingrained cost-oriented design of leaflets. Chain stores should these results consider these findings when they are assembling their leaflets because these facts seem to be for consumers very important. Low prices are in consumers preferences in the tenth position. On the contrary the most important of them is the freshness of the goods offered, quality of products and wide range of goods offered by chain stores. In terms of development and the evolution of the results from early research (2011) to 2013 may be mentioned downward trend in preferences for low prices and conversely increasing trend in the quality of goods and sufficient stocks of goods in action. Consumer preferences are no different considering his age or gender. For purpose of this paper in our research scale of agreement from 1 to 10 was used where 1 - strongly disagree and 10 - totally agree.

Cluster analysis performed on data from 2011 to 2013 (Figure 2) shows clusters and subclusters of previous mentioned parameters influencing consumers store choice. It deeply explains relationships between these parameters. This method of data evaluation confirms previous findings that czech consumers are influenced not that much by a low price, but consumers are most focused on information about fresh goods, quality of the goods and wide range of goods offered.

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	N valid	Average	Modus	Dispersion	St.deviation
Fresh goods	4834	9.805	10	2.301	1.523
Quality of the goods offered	4832	9.666	10	2.895	1.702
Wide range of goods	4822	8.709	10	4.948	2.228
Cleanliness and appearance of the store	4829	8.594	10	4.152	2.048
Short waiting times at the cash desk	4815	8.589	10	3.702	1.922
Suitable location of the store	4831	8.455	10	5.114	2.266
Quick services	4805	8.318	10	3.868	1.967
Proper marking of goods(especially prices)	4819	8.313	10	4.107	2.025
Easy orientation inside of the store	4816	8.262	10	4.257	2.068
Low prices	4830	8.208	10	4.992	2.238
Polite and friendly sellers	4826	7.632	8	5.483	2.349
Sufficient stocks of goods in action	4822	7.575	10	6.816	2.615
Easy solving of reclamations and complaints	4816	7.489	10	7.665	2.772
Offers czech or local goods	4822	7.553	10	7.274	2.702
Habit	4812	7.149	5	7.065	2.661
Parking in front of the store	4832	6.443	10	2.601	1.613
Current offers in leaflets	4832	6.031	1	4.262	2.068
Proximity to public transport stop	4825	5.763	1	5.156	2.275
Free bags	4819	4.953	1	8.732	2.956
Possibility to pay with vouchers	4821	4.796	1	9.131	3.024

Table 2: Parameters influencing store choice

Source: questionnaire survey, 2011-2013, n = 4835

We also had to determine who is among Czech consumers shopping according flyers, who is inspired by them and who selects the grocery store to make a purchase strictly based on actual offers in flyers. An average of main sample of respondents indicates a very slight predominance of respondents who are looking for inspiration for their purchase in flyers. There is little discrepancy with previous researches however this could be caused by other system of querying or evaluation of data obtained. We can observe that Czech consumers in general according this research are on scale of agreement on point 5 from 10 possible. Also in general most frequent answer was 1 – strongly disagree. We did not find any significant evidence of strong relationship of Czech consumers to flyers in general.

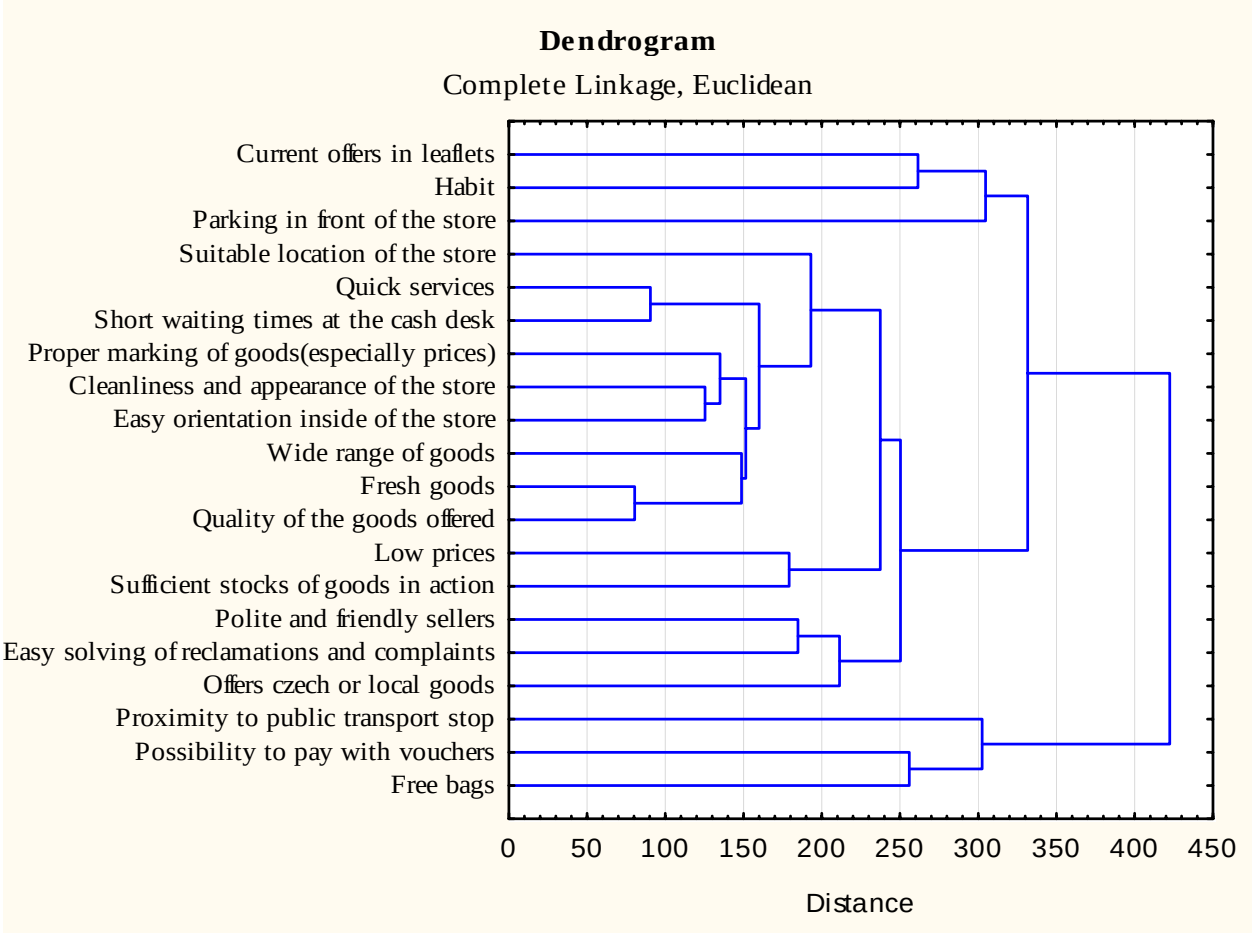


Figure 2: Dendrogram of parameters influencing consumers store choice

Source: questionnaire survey, 2011-2013, n = 4835

I am ussually inspired by a flyer when making a purchase in grocery store					
	N valid	**Average**	**Modus**	**Dispersion**	**Standart deviation**
2011	2338	5.275	1	9.378	3.062
2012	2111	5.296	1	9.454	3.074
2013	710	5.049	1	8.235	2.869

Table 3: Inspiration by a flyer when making a purchase of food

Source: questionnaire surveys, 2011 n =2338, 2012 n = 2111, 2013 n= 710

To find who is the most common acceptor of flyers we need to create a segments of respondents and verify the results of additional secondary data from previous studies. Own research shows a tendency to explore flyers and shopping according them with increasing age. Furthermore it appears that women are inspired by leaflets more than men. Although there is a growing trend in exploring of flyers by men

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when in 2013 their average of agreement with expression that they are searching in flyers for some information increased to 4.994 from 4.586 in 2011. Overall, it may seem that the difference between women and men is decreasing over time. Contingency coefficient has dropped from 0.193 in 2011 to 0.175 in 2013.

Gender	Male	Female
2011	4.586	5.734
2012	4.787	5.757
2013	4.994	5.788

Table 4: Inspiration by a flyer gender segmented

Source: questionnaire surveys, 2011 n = 2338, 2012 n = 2111, 2013 n = 710

As mentioned before data from this research shows that there is a strong dependency[42] between age of consumer and his exploration of leaflets before realizing the purchase of food in grocery stores. Summary of data obtained from questionnaire surveys in 2011–2013 are shown in figure 3. It is obvious that with increasing age positive relationship to leaflets is proportionately increasing. Elderly consumers have with leaflets almost twice much stronger relationship than teenagers. The biggest difference between age boundaries can be observed in last two of them. It could mean that consumers around 65 years are getting more excited about leaflets than ever before.

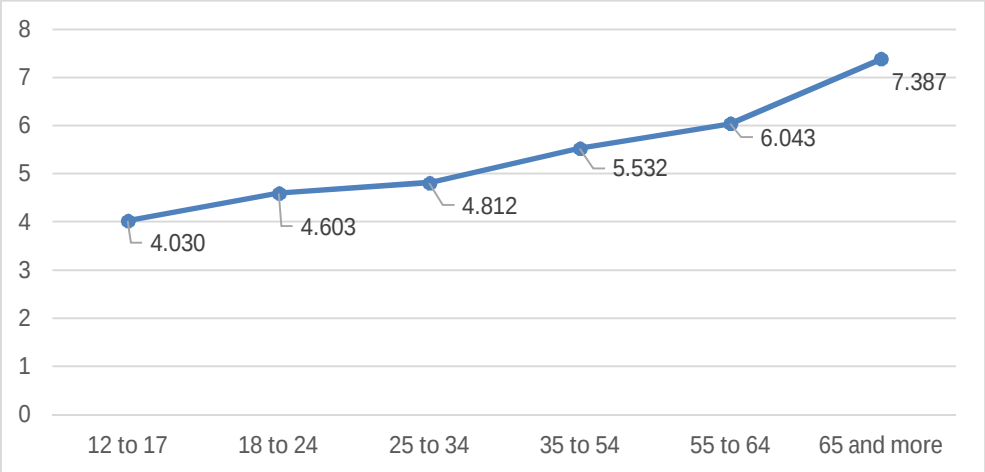


Figure 3: Inspiration by a flyer age segmented

Source: questionnaire survey, 2011–2013 n = 5159

Table 5 shows preferences of consumers on flyers in separate years of our research. Popularity of flyers is increasing in general across all age groups except consumers between 25 and 34 years. It may

[42] Contingency coefficient: 0,389

be caused by their bussy lifestyle. Consumers of this age group are most sensitive on the suitable location of the store than on current offers presented in leaflets[43].

Age	12 to 17	18 to 24	25 to 34	35 to 54	55 to 64	65 and more
2011	3,344	4,570	4,822	5,587	6,208	7,281
2012	3,762	4,604	4,573	5,381	6,359	7,344
2013	4,985	4,634	4,340	5,629	5,563	7,535

Table 5: Inspiration by a flyer age segmented

Source: questionnaire surveys, 2011 n = 2338, 2012 n = 2111, 2013 n = 710

4. CONCLUSION

This paper was focused on the chain stores with own production of flyers. Data which are used for purpose of this paper were obtained by a long term research focusing on consumer behaviour of customers in Czech Republic when choosing their grocery store. Exactly 4835 respondents from Czech Republic had participated in this research from 2011 to 2013. Because of the crisis czech people change their purchases when buying a food products and almost 36% of them are using flyers for purchase planning. According to the goals 55% of consumers are inspired by the flyers and a good offer reflects frequency of their visits in the store.

Consumers change their preferences when they find better offer in other store. Consumer preferences are no that much different considering his age or gender. According the data from this research men have a lower rate of inspiration by a flyer than women. But the results of both gender are in matter of time converging. Elderly consumers are more interested in flyers than younger consumers. It could be said that inspiration by a flyer when shopping for food is positively connected and it is rising with higher age. The flyers should be focused on fresh goods, quality of the goods offered and on wide range of goods. Consumers do not consider the low prices as an important fact to make their store choice but czech grocery chain stores are using in almost every cases flyers which are strictly price oriented. Flyers are very strong and important tool of marketing communication of chain stores. Especially in Czech Republic where consumers are very influnced by them when choosing their grocery stores and shopping on its basis.

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[43] See table 2

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