A COMPARATIVE ANALYSIS OF DIRECT MARKETING STRATEGIES USED BY RETAIL CHAINS IN THE PARDUBICE REGION

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Abstract

Purpose: The purpose of this paper is to analyse and compare some marketing strategies of direct marketing from the perspective of retail chains in the Pardubice region in selected period. Direct marketing is one of the most popular forms of communication mix used by retail chains in the Czech Republic, although prospectuses of each retail chain are very different. The aim of this paper is to compare and analyse prospectuses used by selected retail chains in the Pardubice region and imply some innovation for management of direct marketing strategies used by retail chains.

Design/methodology/approach: The paper assumes the use of these scientific methods – primary qualitative research (survey among customers of analysed retail chains and testing hypothesis using chi-quadrate test), secondary qualitative research (comparative analysis and content analysis of prospectuses analysed retail chains). The article analyses 37 basic prospectuses and 10 special prospectuses used in December 2016 by these retail chains in the Pardubice region – Lidl Česká republika v.o.s. (Lidl), Penny Market s.r.o. (Penny Market), Tesco Stores ČR a.s. (Tesco), GLOBUS, spol. s r.o. (Globus), Kaufland Česká republika v.o.s. (Kaufland) and AHOLD Czech Republic, a.s. (Albert).

Findings: The paper provides empirical insights about marketing strategies of direct marketing used by retail chains in the Pardubice region in December 2016 which was the period with the biggest turnover in 2016.

Research/practical implications: The research provides the comparison and evaluation of prospectuses of retail chains in the Pardubice region in the selected period. The paper suggests innovative recommended marketing strategy for prospectuses of retail chains which they can use especially in Pardubice region. On the other hand results of this analysis can be used by retail chains in innovation of management of their marketing strategies at the national level. Small and medium enterprises can use some results of this analysis for advertising of their products in prospectuses of retail chains and for innovation of their marketing strategies.

Originality/value: This paper analysed, compared and evaluated direct marketing strategy of the retail chains in the Pardubice region and suggested recommended and innovative direct marketing strategy for prospectuses of retail chains and for small and medium enterprises.

Keywords: Communication mix, Direct marketing, Retail chain

JEL Codes: M31, M37.

Introduction

The current market is affected by globalization, changing shopping behaviour of customers, modern distribution and communication channels and turbulent changes. All market operators and entrepreneurship must continually adapt to these changes, because ability to adapt can be a decisive factor in the market competition. This article focuses on the six largest retail chains in the Pardubice region, which offer food and non-food products, and their direct marketing strategies applied in December 2016 in leaflets of these retail chains. The aim of this article is to analyse these leaflets using content and comparative analysis and compare selected retail chains and their direct marketing strategies in combination with the primary qualitative research (the survey among customers of analysed retail chains). Results of the primary and secondary qualitative research implicate some innovative approaches and recommendations for retail chains and entrepreneurs (small and medium enterprises) in terms of innovation management of their direct marketing strategies, which they can subsequently use.

1 Marketing communication and direct marketing

Porcu, Barrio-García and Kitchen (2012) and Lund and Marinova (2014) defined marketing communication as the main persuasive element which organizations can use to connect with its markets by communicating ideas and seeking to impart particularly perceptions of brands, products and services to customers, consumers and to each stakeholders (suppliers, subscribers, employees, management, shareholders, various associations related to environment, state, representatives of the region etc.). Batra and Keller (2016) and Csikósová, Antošová and Čulková (2014) emphasized modern trends in marketing communication and presented conceptual framework for integrated marketing communication.

Katole (2012) stated that retailers are using sophisticated communication and information systems to manage their businesses. The author described the most important tool for communicating with the customers – retail advertising. Retailers use for advertising the television, newspaper, radio, billboards, leaflets, magazine, website, E-mail (Katole, 2012).

Bose and Chen (2009) specified that for product advertising and promotions there are two main approaches which are used in practice – mass marketing and direct marketing. Authors described direct marketing as communications where data are used systematically to achieve quantifiable marketing objectives and where direct contact is made or invited between a company and its customers and prospective customers. Nash (2003) and Foret (2006) emphasized some advantage of direct marketing, there are: the concentration, personalization and immediacy. Clow and Baack (2008) stated that getting of a leaflet is very often the first step of the shopping cycle. Authors described some important advantages of leaflets. The leaflets are shared by several people and customers have enough time to see them.

2   Methods and data

The article uses a combination of the primary (subchapter 2.1) and secondary (subchapter 2.2) qualitative research.

2.1   The primary qualitative research

The primary qualitative research was performed in January 2017 (from 2. 1. 2017 to 31. 1. 2017). Respondents consisted of Pardubice residents aged from 15 to 90 years old. Pardubice has approximately 90 000 residents (it was the initial population). Hague (2003) defined the sample size of 384 respondents for the initial population size to 100 000. The author specified that 384 respondents ensure 95 % credibility and 5 % of sample error of the research. The representative sample consisted of 384 respondents (200 women and 184 men) distributed into age groups according to initial population. Structured interviews with these questions were selected as a technique for data collection:

- Informative questions (gender and age).
- Do you read any leaflets of these retail chains – Lidl, Penny Market, Tesco, Globus, Kaufland and Albert? – Definitely, yes. / Rather, yes. / Rather, not. / Definitely, not.
- Do you decide according to the information from these leaflets? – Definitely, yes. / Rather, yes. / Rather, not. / Definitely, not.
- Are you most interested in any group of products in the leaflets? – Fruit, vegetables and flowers. / Non-alcohol beverages. / Alcohol. / Chilled products. / Frozen products. / Dry groceries. / Drugstore products. / Pet food. / Non-food.
- Which retail chain in the Pardubice region do you prefer most for your shopping? – Lidl. / Penny Market. / Tesco. / Globus. / Kaufland. / Albert.

2.2   The secondary qualitative research (comparative and content analysis)

The secondary qualitative research was performed in January 2017. The research focused on leaflets used by six largest retail chains in the Pardubice region (Lidl, Penny Market, Tesco, Globus, Kaufland and Albert) in December 2016. The comparative and content analysis were used for this secondary qualitative research.

Thiem (2016) described qualitative comparative analysis as comparisons of phenomena, works or systems etc. based on qualitative criteria. The author charted evolution of qualitative comparative analysis and he defined some standards for this type of analysis.

Goncalves, Cota and Pimenta (2012) defined content analysis as the analysis of documents of various forms and transformation of findings to reduced text. Authors used content analysis for example for identifying keywords and metadata to search learning objects on the web, based on learning outcomes extracted from official documents used in the course units.

The secondary qualitative research was focused on these areas of analysed leaflets:

- number of leaflets in analysed period,
- total validity (in days) of all leaflets used in December 2016,
- average number of pages of leaflets,
- total area of used leaflets in December 2016 (dm^2),
- paper type,
- number of discounted goods (food and non-food products),
- number of discounted goods by the range of goods (fruit, vegetables and flowers / non-alcohol beverages / alcohol / chilled products / frozen products / dry groceries / drugstore products / pet food / non-food),
- average area (dm^2) for one product in leaflets.

2.3   Data

For the secondary qualitative research there were selected paper leaflets of these retail chains – Lidl, Penny Market, Tesco, Globus, Kaufland and Albert, which were used as a marketing communication tool in Pardubice in December 2016. The overview of the analysed leaflets is in Tab. 1, where the validity of leaflets is presented, too.

Tab. 1: Overview of leaflets used by retail chains in the period from 1. 12. 2016 to 31. 12. 2016

Leaflets of Retail chains from 01. 12. to 16. 12.	Notes	01.	02.	03.	04.	05.	06.	07.	08.	09.	10.	11.	12.	13.	14.	15.	16.
Albert	1, 2	23. 11. – 06. 12. (F + NF)						07. 12. – 13. 12.							14. 12. – 19. 12.		
Globus	3, 4	01. 12. – 07. 12.							08. 12. – 14. 12.						15. – 21. 12.		
Kaufland	5	01. 12. – 07. 12. (F + NF)							08. 12. – 14. 12.						15. – 24. 12.		
Lidl	6	28. 11. – 04. 12.				05. 12. – 11. 12.							12. 12. – 18. 12.				
Penny	7, 8	01. 12. – 04. 12.				05. 12. – 07. 12.			08. 12. – 11. 12.				12. 12. – 14. 12.			15. – 18. 12.	
Tesco	9, 10	30. 11. – 06. 12.							07. 12. – 13. 12.						14. 12. – 24. 12.		

Leaflets of Retail chains from 17. 12. to 31. 12.	Notes	17.	18.	19.	20.	21.	22.	23.	24.	25.	26.	27.	28.	29.	30.	31.	
Albert	1, 2	14. 12. – 19. 12.			20. 12. – 24. 12.					25. 12. 2016 – closed	26. 12. 2016 – closed	27. 12. – 31. 12.					
Globus	3, 4	15. 12. – 21. 12.												29. 12. – 04. 01.			
						21. 12. – 28. 12.						21. – 28. 12.					
Kaufland	5	15. 12. – 24. 12.										27. 12. – 31. 12. (F + NF)					
						21. 12. – 24. 12.											
Lidl	6	12. – 18. 12.		19. 12. – 24. 12.								27. 12. – 31. 12.					
Penny	7, 8	15. – 18. 12.		19. 12. – 24. 12.								27. 12. – 31. 12.					
						22. 12. – 24. 12.								29. 12. – 31. 12.			
Tesco	9, 10	14. 12. – 24. 12.										27. 12. – 31. 12.					
					20. 12. – 24. 12.												

Notes: Albert and Kaufland used two leaflets in the same week, the first of them was for food products (shortly F) and the second of them was for non-food products (shortly NF). Retail chains used in addition some special leaflets with longer validity, for example notes 1, 2: Albert (30. 11. – 31. 12. and 07. 12. – 24. 12.); notes 3, 4: Globus (24. 11. – 24. 12. and 01. 12. – 24. 12.); note 5: Kaufland (01. 12. – 24. 12.); note 6: Lidl (17. 11. – 24. 12.); notes 7, 8: Penny (01. 12. – 14. 12. and 15. 12. – 31. 12.); notes 9, 10: Tesco (30. 11. – 24. 12. and 07. 12. – 24. 12.)

Source: author

3 Results

Results of the research are divided into the primary qualitative research focused on survey among customers of analysed retail chains and into the secondary qualitative research aimed on leaflets of analysed retail chains used in December 2016.

3.1 The primary qualitative research

The representative sample consisted of 384 people (200 women and 184 men) distributed into age groups according to initial population. There are answers from respondents.

Question: "Do you read any leaflets of these retail chains – Lidl, Penny Market, Tesco, Globus, Kaufland and Albert?" Answers: "definitely, yes" – 44 % (167 respondents); "rather, yes" – 25 % (96 respondents); "rather, not" – 11 % (43 respondents); "definitely, not" – 20 % (78 respondents). Question: "Do you decide according to information from these leaflets?" Answers: "definitely, yes" – 35 % (134 respondents); "rather, yes" – 19 % (73 respondents); "rather, not" – 20 % (77 respondents); "definitely, not" – 26 % (100 respondents).

69 % (263) of respondents read usually some leaflets of retail chains (answers "definitely, yes" and "rather, yes"), but only 54 % (207) of respondents decide by the leaflets about purchasing in specific retail chain (answers "definitely, yes" and "rather, yes").

Two null hypotheses were tested using chi-quadrate test (relation 1). H_0: The share of leaflet reader's is the same for men and women. H_0: The share of people who decide according to information from leaflets is the same for men and women.

$$\chi^2 = \sum_{i=1}^{k} \frac{(X_i - Np_i)^2}{Np_i} \qquad (1)$$

The first hypothesis H_0 was rejected (p-value = 0.00000000565; critical value = 0.05; level of significance 95 %). The share of leaflet reader's is different for men and women and women read leaflets more than men. The second hypothesis H_0 was rejected too (p-value = 0.002613; critical value = 0.05; level of significance 95 %). The share of people who decide according to information from leaflets is different for men and women and the women decide by the leaflets about purchasing in specific retail chain more than men.

Respondents are most interesting in these groups of products in leaflets (see Fig. 1): non-food products (34 %); fruit and vegetables (14 %); chilled products (13 %) and dry groceries (13 %). Other groups of products gained less than 10 % – alcohol (9 %), non-alcohol beverages (7 %), drugstore products (7 %), frozen products (2 %) and pet food (1 %).

Fig. 1: Are you most interested in any group of products in the leaflets?
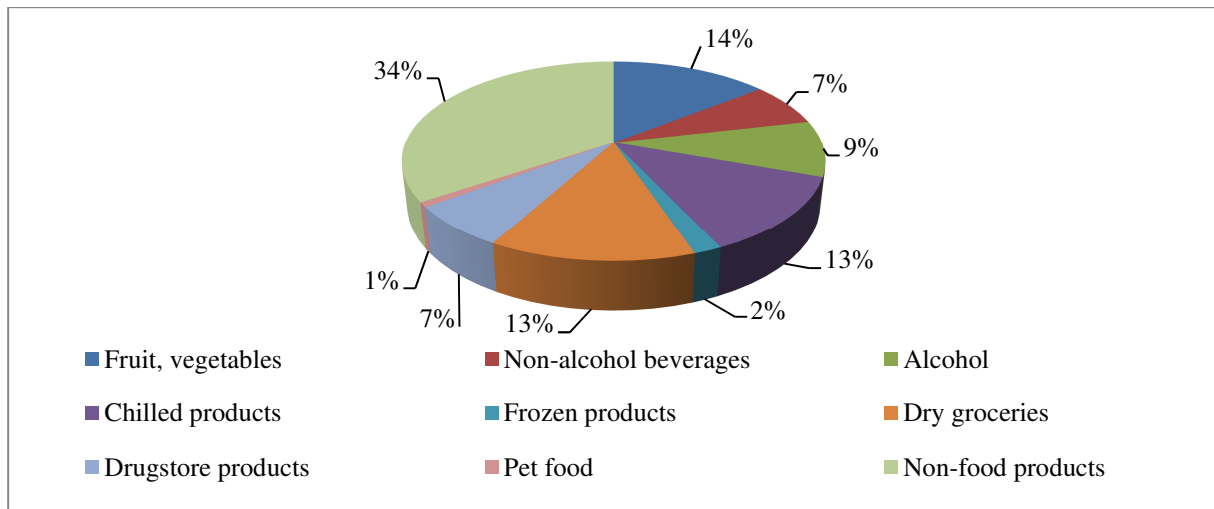
Source: author

Respondents prefer these retail chains (see Fig. 2): Kaufland (23 %; 91 respondents), Globus (17 %; 68 respondents); Tesco (16 %; 60 respondents); Lidl (14 %; 53 respondents); Albert (12 %; 45 respondents); Penny Market (10 %; 37 respondents) and others (8 %; 30 respondents).

Fig. 2: Which retail chain in the Pardubice region do you prefer most for your shopping?
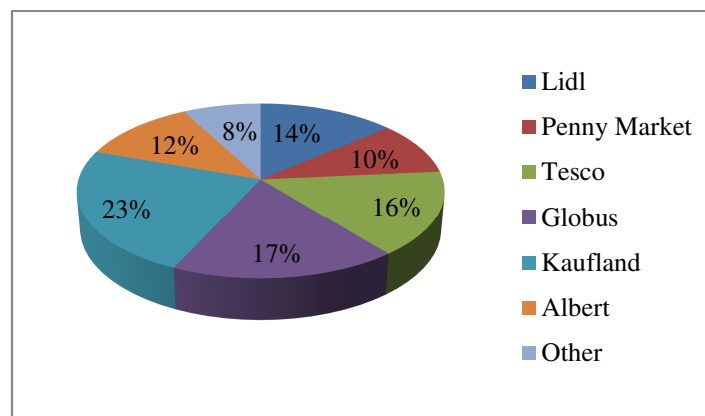
Source: author

3.2   The secondary qualitative research (comparative and content analysis)

Six analysed retail chains used 47 leaflets in December 2016 (Tab. 2). Most leaflets distributed to customers the retail chain Penny Market (11 leaflets). Lidl used at least leaflets (6 leaflets) with the shortest period of total validity (53 days). Leaflets of Albert were valid in total for 84 days, because Albert used two special leaflets and six classical leaflets.

Penny Market used for leaflets at least average number of pages (13,09 pages / leaflet), but the most average number of pages had leaflets of Tesco (38,00 pages / leaflet). Lidl used in December 2016 for direct marketing leaflets with the most total area (2 279,06 dm^2), but on the other hand Penny Market used leaflets with at least total area (1 335,25 dm^2).

Most retail chains used the combination of recycled and glossy papers for leaflets, although Lidl used only leaflets from glossy paper. Companies also used leaflets from glossy paper for special leaflets with longer period of validity. Tesco presented in leaflets most discounted products (overall 2 381 products), then Penny (2 218 products) and Albert (1 921 products). Lidl presented at least discounted products in their own leaflets (only 1 132 products). It is approximately about half less than Tesco.

Tab. 2: The comparison of leaflets used by retail chains in December 2016

Retail chain	Number of leaflets	Total validity (days)	Average number of pages	Total area of leaflets (dm^2)	Paper type	Number of goods
Albert	8	84	24,00	1 351,93 dm^2	3 x glossy, 5 x recycled	1 921
Globus	7	78	29,71	1 467,23 dm^2	2 x glossy, 5 x recycled	1 853
Kaufland	8	69	22,00	1 574,73 dm^2	3 x glossy, 5 x recycled	1 412
Lidl	6	53	37,33	2 279,06 dm^2	6 x glossy, 0 x recycled	1 132
Penny	11	64	13,09	1 335,25 dm^2	2 x glossy, 9 x recycled	2 218
Tesco	7	76	38,00	1 398,16 dm^2	2 x glossy, 5 x recycled	2 381

Source: author

Tab. 3 presents share (%) of discounted goods by the range of goods in analysed leaflets used by retail chains in December 2016 in Pardubice.

Tab. 3: Share of discounted goods by the range of goods (%)

Retail chain	Fruit, vegetables	Beverages (non-alcohol)	Alcohol	Chilled products	Frozen products	Dry groceries	Drugstore products	Pet food	Non-food
Albert	3,38	4,27	14,21	21,40	1,93	19,16	11,14	1,56	**22,96**
Globus	3,02	2,32	8,80	17,43	1,35	13,17	5,40	0,97	**47,54**
Kaufland	4,60	2,62	11,05	**25,71**	3,47	**25,71**	7,15	1,13	18,56
Lidl	3,18	1,77	7,60	20,32	2,30	10,78	0,88	0,71	**52,47**
Penny	3,43	5,46	9,69	23,49	5,09	**31,70**	8,88	2,66	9,60
Tesco	3,19	2,35	10,21	16,25	2,52	19,24	11,42	2,31	**32,51**

Source: author

All retail chains didn´t emphasize presenting of pet food (share between 0 – 3 %), fruit and vegetables (share between 3 – 5 %), non-alcohol beverages and frozen products (share between 1 – 6 %) in analysed leaflets. Retail chains emphasized non-food products (especially Lidl – 52,47 %, Globus – 47,57 %, Tesco – 32,51 % and Albert – 22,96 %). Kaufland emphasized chilled products and dry groceries (both 25,71 %) most and Penny Market most communicated discounts on dry groceries (31,70 %).

Conclusion

Nowadays, there are many modern communication tools that can be used for marketing strategies of retail chains, entrepreneurship and for small and medium enterprises. The research has shown that direct marketing strategies using by retail chains in Pardubice are popular with customers. 69 % of respondents usually read some leaflets of the retail chains and 54 % of respondents decide by the leaflets about purchasing in the specific retail chain.

Respondents (customers) are most interested in these groups of products in leaflets: non-food products; fruit and vegetables; chilled products and dry groceries, but the retail chains emphasized non-food products; chilled products and dry groceries. The retail chains did not support fruit and vegetables enough in analysed leaflets, but customers are most interested in this group of products. The recommended innovation of direct marketing strategy for retail chains, entrepreneurship and for small and medium enterprises consists in greater promotion of fruit and vegetable products in leaflets used in December based on the primary and secondary qualitative research. This paper suggested innovative marketing strategy for prospectuses of retail chains in Pardubice region, but some results of the analysis can be used by retail chains in innovation management of their marketing strategies at the national level. Small and medium enterprises can use some results of this analysis for advertising of their products in prospectuses of retail chains and for innovation of their marketing strategies.

Acknowledgment

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