

## Sales and Promotional Strategies and Customer Engagement in Retail Sector

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### Abstract

**Objectives:** To examine the factors of sales and advertisement strategies influencing customer engagement in retail sector. To assess the degree of association between the identified factors and Customer Engagement.

**Methodology:** The study was descriptive in nature. Simple Random Sampling technique was adopted and a total of 150 responses were collected in Mysuru city. Based on the objectives of the research a structured questionnaire was designed with five points Likert scale. The data collected was analysed with the help of SPSS. Descriptive Statistics, KMO test for sampling adequacy, Correlation and Regression analysis, Exploratory Factor Analysis, Confirmatory Factor Analysis and Structural Equation Modelling were adopted to analyse the data and check the hypothesis.

**Findings:** The study results reveal that Product Quality and Variety, Online User Experience, Social Media Activity of the retailers had a significant impact on the Customer Engagement.

**Application:** In today's competitive and challenging business environment, it is essential for the retailers to innovate and adopt to unique promotional approaches to reach the ever-changing expectations of the customers and marketplace. In this regard, leveraging the digital channels, adopting customized marketing strategies are highly critical in this changing business environment. Adopting strategies to keep customers engaged, will foster the sustainability of the business.

**Keywords:** *Product Quality and Variety, Online User Experience, Social Media Activity, Retailers, Customer Engagement.*

### Introduction

The retail sector today is experiencing high degree of competition through ever changing business scenarios. Effective strategies witnessed in advertising and promotions are the paramount of success to the retail business. The advertising and promotion activities serve as an essential parameter for the success of retail sector capturing the prospective customers, enhancement of the level of engagement,

fosters brand loyalty contributing to the sustainable success of the business. The creative advertisements, promotional initiatives, social media campaigns give an alarm to the retailers to make them highly narrative and informative to reach their target audience.

Today's competitive business environments provides consumers with enormous opportunities to switch from one brand to another, therefore it is essential for the retailers to create strategic initiatives to reach the consumers at personal level and make them to have a unique shopping experience which ensures repeat purchase behaviours (Anne L. Roggeveen, 2021).

While considering the retail industry, advertisements takes several forms which covers print media, digital platforms, focusing towards enhancing the visibility of brand and creating awareness about the products and the services (Eduardo Guerrero, 2020).

In the current competitive landscape of the retail business, integrating the advertisements and sales promotion activities through product variety and enhanced attributes, social media presence, e – commerce initiatives are highly essential for the long-term success of the business.

### **Research Questions**

The study aims towards addressing the following research questions:

What are the prominent sales and advertisement factors influencing customer engagement in Retail Sector?

Is there a strong association between the sales and promotional efforts and customer engagement?

### **Objectives of the Study**

The objectives of the current research were:

To examine the factors influencing customer engagement in retail sector.

To assess the degree of association between the identified factors and Customer Engagement

### **Literature Review**

#### ***Customer Engagement***

The concept of Customer Engagement is gaining prominence in business as well as among the academic researchers. Customer Engagement tends to have a behavioral focus having the behavioral manifestations of the consumer towards the brand or the firm (Catherine Prentice a, 2018).

Customer Engagement is becoming increasingly important to enhance the profitability of the business (Sanjit Kumar Roy, 2018). a lot of firms are paying attention to include Customer Engagement as one of the prominent strategic drivers for their business which enhances the competitive advantage of the business (Jamie Carlson, 2019). As opined by (Kate Leggett, 2016), majority of the firms currently are in the process of connecting different engagement points across the entire customer journey.

Customer Engagement has varied benefits to the firm since engaging with an organization or the brand is reflected in the customers involving themselves to take part in co-production and value creation with the firm (Verhoef, 2016).

#### **Product Quality and Variety and Customer Engagement**

Product Quality and variety is the ability of a brand to reach its customers in a positive way and create sustainability of their firm (Albari, 2019). Customers tend to purchase the product and choose a brand

particularly based on its product attributes, consistency in the quality of the products, and consistent strategies adopted by the brand to introduce new product lines to meet the requirements of the customers.

In today's competitive business environment, it is imperative for the business leaders to offer a wide variety of products meeting the customer demands which is crucial element for the success of a business (Ulrich Kaiser, 2023).

### **Online User Experience and Customer Engagement**

Customer interactivity with the websites of the retailers for shopping and other related activities are prevailing shifting towards mobile applications. The rise in the penetration of smartphones and information technology have made easy accessibility of information to the consumers. The online user experience plays a significant role in enhancing the customers experience in shopping. Shopping, giving prompt reviews, searching for the required products and services, comparison of brands is spirally increasing among the consumers. Therefore, the above behavior of the consumers is a state of interest for the consumers to effectively design and create the online content and provide effective services to the consumers (Thakur, 2018).

### **Social Media Activity and Customer Engagement**

Social Media is a prominent digital media facilitating content creation, providing interactive platform for disseminating the information and also to collaborate on social networks. It provides enormous avenues for the users to easily create, manage, access the information in multiple forms (Tuten, 2017). The customer experience is influenced by interactivity in these networks as consumers spend quality time on social media (Wilcox, 2013). Social Media is substantially transforming the environment of marketing as a dominant digital communication channel creating impact on the customer engagement (Lamberton, 2016).

### **Research Methodology**

The research adopted descriptive methodology. The samples for the present study were incorporated from respondents of different age groups shopping in retail outlets in Mysuru city. Simple random sampling was employed to gather the required responses. The responses were collected with a help of survey method by distributing the questionnaires in person to the respondents and were collected back. A total of 150 responses were collected.

### **Measures**

Self-Administered Questionnaire was developed considering the independent and dependent variables of the study. The independent variables were Product Quality and Variety, Online User Experience and Social Media Activity. The dependent variable was Customer Engagement. Participants were requested to give their responses in a five-point Likert scale varying from 1- strongly disagree to 5 – strongly agree.

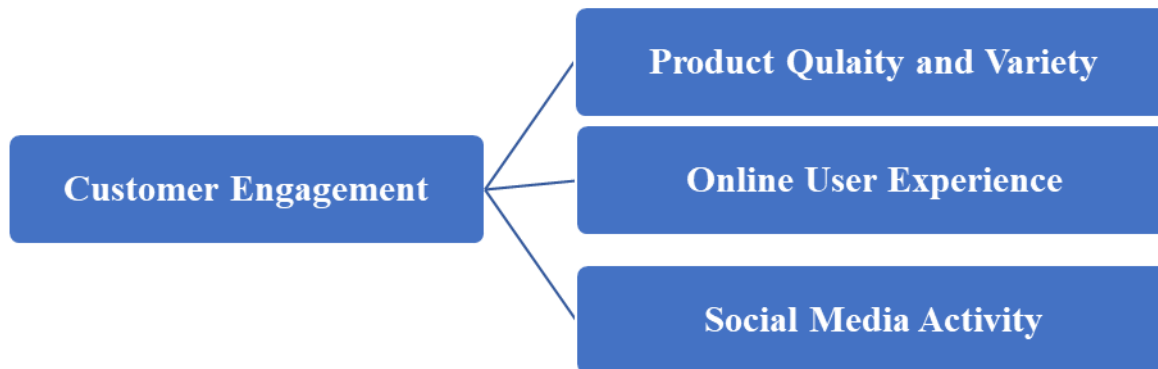
### **Statistical Analysis**

The data and information were processed by using statistical package for social sciences (SPSS) software. KMO test to check the adequacy of the data, correlation and regression analysis, Exploratory Factor Analysis, Confirmatory Factor Analysis and SEM were performed to analyse the data.

### **Scope of the Study**

The study includes a mixed population of students, officials, service man, professionals and was limited to Mysuru City.

## Conceptual Model of the Study



**Figure 1**

Conceptual Model

**Based on the above discussions in the existing literatures and the framework drawn for this study, the following hypothesis are formulated**

### **Product Quality and Variety**

H0: Product Quality and Variety significantly influences Customer Engagement.

H1: Product Quality and Variety doesn't influence Customer Engagement.

Online user experience:

H0: Online user experience significantly influences Customer Engagement.

H1: Online user experience doesn't influence Customer Engagement.

Social Media Activity:

H0: Social Media Activity significantly influences Customer Engagement.

H1: Social Media Activity doesn't influence Customer Engagement

### **Data Analysis**

Exploratory Factor Analysis for Independent Variable

Factor Analysis is a technique used to reduce a large number of variables into fewer numbers of factors. It is used to simplify data. The technique also involves data reduction.

Kaiser-Meyer-Olkin (KMO) and Bartlett's test: Independent Variable

The KMO measures the sampling adequacy which should be greater than 0.5 as indicated by (Kaiser, 1974) for a satisfactory factor analysis to proceed.

**Table 1**

***KMO for Independent Variable***

<b>KMO and Bartlett's Test</b>		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.887
Bartlett's Test of Sphericity	Approx. Chi-Square	652.849
	Df	91
	Sig.	0

The analysis revealed one factor solutions with a KMO statistics and Bartlett’s Test with 0.000 Significance. This reveals that the sample is adequate and factor analysis is significant. From table no. 1 we can also see that KMO is 0.887 which is more than 0.5 hence the sample taken is adequate. Hence the sampling adequacy for items of Independent variable is acceptable.

**Table 2:**

***Principal Component Analysis***

Component	<b>Total Variance Explained</b>								
	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.29	37.747	37.747	5.285	37.747	37.747	3.383	24.162	24.162
2	1.27	9.089	46.836	1.272	9.089	46.836	2.333	16.662	40.825
3	1.12	7.997	54.833	1.12	7.997	54.833	1.961	14.008	54.833
4	0.88	6.318	61.151						
5	0.83	5.924	67.074						
6	0.71	5.036	72.111						
7	0.66	4.72	76.831						
8	0.58	4.123	80.953						
9	0.53	3.81	84.763						
10	0.52	3.724	88.487						
11	0.47	3.337	91.823						
12	0.43	3.037	94.86						
13	0.38	2.732	97.592						
14	0.34	2.408	100						

Extraction Method: Principal Component Analysis.

As indicated by (Joseph F Hair Jr, 2010), The cumulative proportion of the overall variance is extracted in order to determine the retrieved elements' practical value. (Joseph F Hair Jr, 2010), provides viewpoints, when the information is less precise in social science research, a solution accounting for the entire variation of 60% is approved, and in some circumstances, a solution accounting for the entire variance of 50% is also regarded satisfactory.

Using the information acquired above, table no. 2 shows that the overall cumulative percentage of variance retrieved was 54.8333, which is deemed acceptable by the reports of (Joseph F Hair Jr, 2010).

**Rotated Component Matrix**

**Table 3:**  
**Rotated Component Matrix**

<b>Rotated Component Matrixa</b>			
	Component		
	1	2	3
PQV_1	0.714		
PQV_2	0.713		
PQV_3	0.683		
PQV_4	0.669		
PQV_5	0.645		
PQV_6	0.561		
PQV_7	0.52		
OUE_1		0.739	
OUE_2		0.734	
OUE_3		0.628	
SMA_1			0.735
SMA_2			0.703
SMA_3			0.536
SMA_4			0.517
Extraction Method: Principal Component Analysis.			
Rotation Method: Varimax with Kaiser Normalization.a			
a. Rotation converged in 6 iterations.			

EFA was adopted to explore the factor structure. The exploration amounted to 14 items which have factor loadings higher than 0.517 and above. The analysis resulted in three factors influencing customer engagement: Product Quality and Variety (PQV), Online User Experience (OUE) and Social Media Activity (SMA). The table no. 3 indicates the item loadings for the factors extracted.

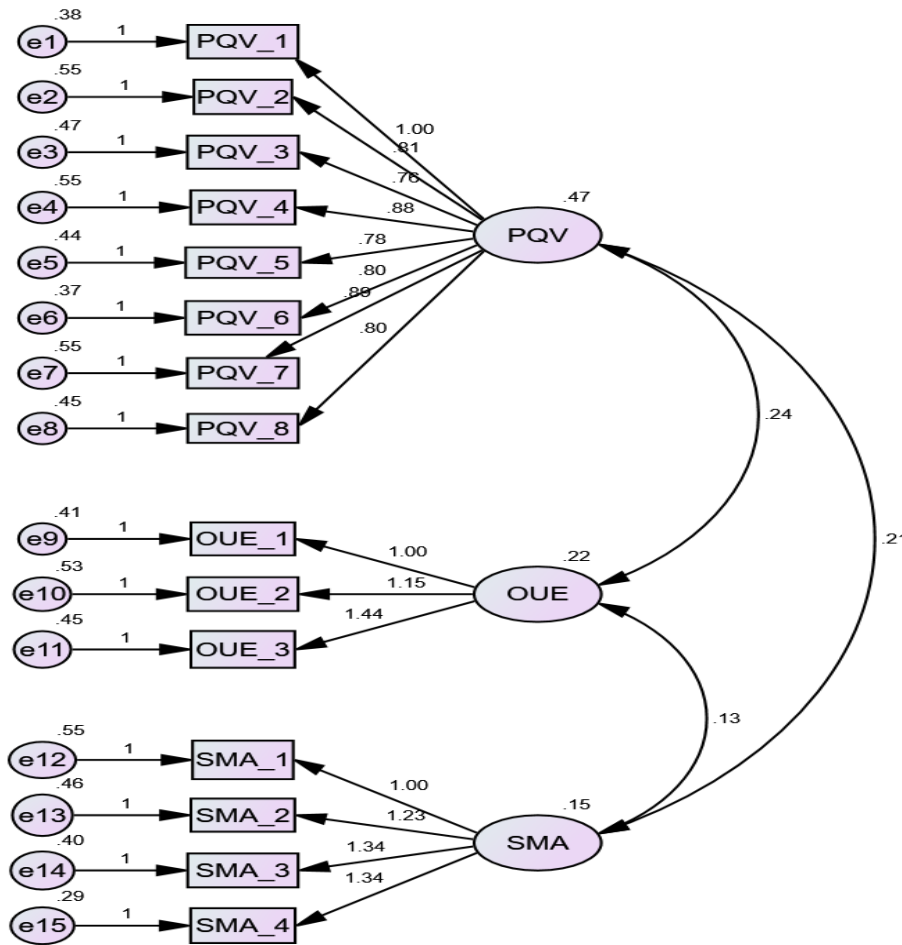
**Confirmatory Factor Analysis**

Confirmatory Factor Analysis was adopted to verify the factor structure using Structural Equation Modelling. The measurement model is indicated in the Figure 2. The model confirmed was tested for different model fit indices.

**Table 4:**  
**Model Fit Summary**

SI No	Model fit Indices Tested	Model Fit Indices Values Obtained	Inferences
1	CMIN/DF	1.433	Supported since CMIN/DF Value should be less than 3; RMSEA Value should be less than 0.08 (Hair Junior, 1998), PNFI should be >0.50, GFI;AGFI;TLI;CFI should be > 0.9, RMR should be <0.05
2	GFI	0.906	
3	AGFI	0.92	
4	TLI	0.932	
5	CFI	0.944	
6	RMSEA	0.054	
7	PNFI	0.695	
8	RMR	0.043	

The above inferences reveal, the established measurement model is satisfactory.



**Figure 2:**  
Confirmatory Factor Analysis

**Exploratory Factor Analysis**

**Kaiser-Meyer-Olkin (KMO) and Bartlett's test: Dependent Variable**

The KMO measures the sampling adequacy which should be greater than 0.5 as indicated by (Kaiser, 1974) for a satisfactory factor analysis to proceed.

**Table 5**  
**KMO for Dependent Variable**

<b>KMO and Bartlett's Test</b>		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.528
Bartlett's Test of Sphericity	Approx. Chi-Square	50.789
	Df	3
	Sig.	0

The analysis revealed one factor solutions with a KMO statistics and Bartlett’s Test with 0.000 Significance. This reveals that the sample is adequate and factor analysis is significant. From table no. 5 we can also see that KMO is 0.528 which is more than 0.5 hence the sample taken is adequate. Hence the sampling adequacy for items of dependent variable is acceptable.

**Table 6:**  
**Principal Component Analysis**

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.63	54.174	54.174	1.625	54.174	54.174
2	0.88	29.306	83.48			
3	0.5	16.52	100			
Extraction Method: Principal Component Analysis.						

As indicated by (Joseph F Hair Jr, 2010), The cumulative proportion of the overall variance is extracted in order to determine the retrieved elements' practical value.. (Joseph F Hair Jr, 2010), provides viewpoints, when the information is less precise in social science research, a solution accounting for the entire variation of 60% is approved, and in some circumstances, a solution accounting for the entire variance of 50% is also regarded satisfactory.

Using the information acquired above, table no. 6 shows that the overall cumulative percentage of variance retrieved was 54.174, which is deemed acceptable by the reports of (Joseph F Hair Jr, 2010).

**Rotated Component Matrix**

**Table 7:**  
**Component Matrix**

Component Matrixa	
	Component
	1
CE_1	0.852
CE_2	0.685
CE_3	0.656
Extraction Method: Principal Component Analysis.	
a. 1 components extracted.	

EFA was adopted to explore the factor structure. The exploration amounted to 3 items which have factor loadings higher than 0.656 and above. The analysis resulted in one factor i.e., Customer Engagement. The table no.7 indicates the item loadings for the factor extracted.

**Association between the Independent and Dependent Factors**

For assessing the structural relationships between the identified factors and Customer Engagement, SEM was adopted. The model fit indices were found to be acceptable.

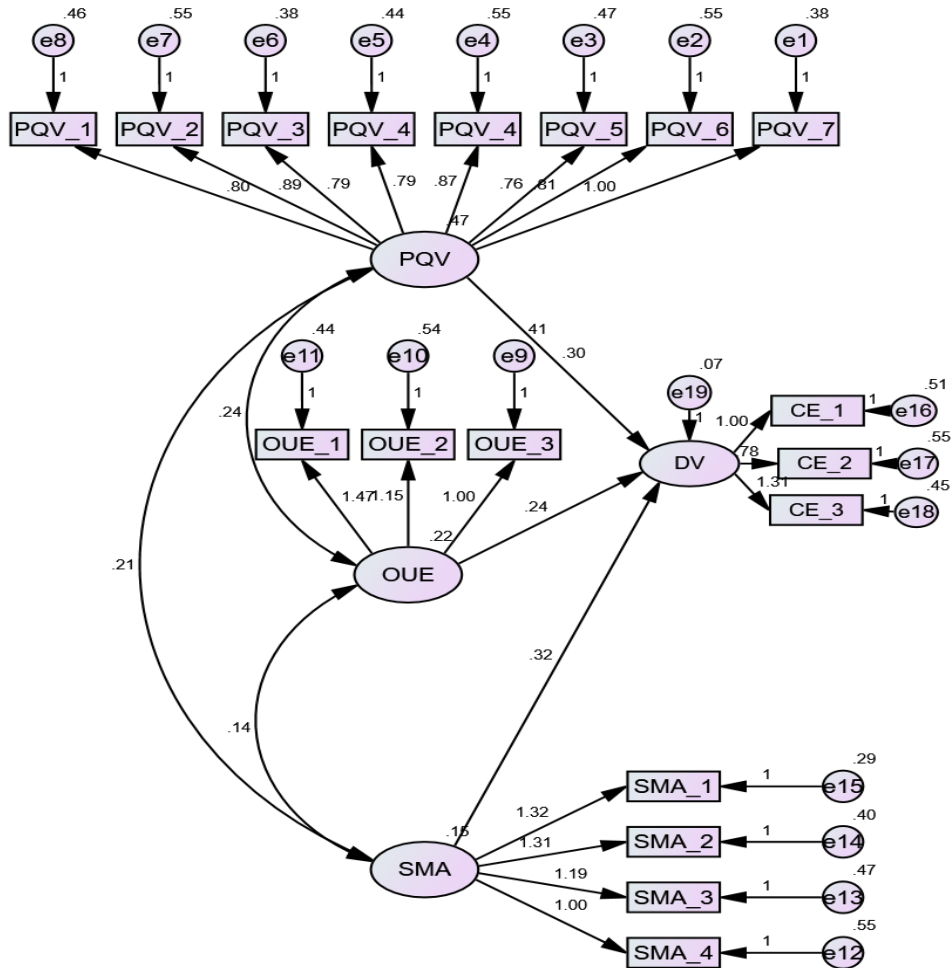


The model fit indices are indicated in the below table no. 8:

**Table 8:**  
**Model Fit Summary**

Sl No	Model fit Indices Tested	Model Fit Indices Values Obtained	Inferences
1	CMIN/DF	1.632	Supported since CMIN/DF Value should be less than 3; RMSEA Value should be less than 0.08 (Hair Junior, 1998), PNFI should be >0.50, GFI;AGFI;TLI;CFI should be > 0.9, RMR should be <0.05
2	GFI	0.968	
3	AGFI	0.925	
4	TLI	0.983	
5	CFI	0.901	
6	RMSEA	0.065	
7	PNFI	0.662	
8	RMR	0.047	

Below figure no. 3 represents the SEM model.



**Figure 3:**  
Structural Equation Model

### Findings of the Study

The analysis revealed that sales and promotional strategies identified had a prominent impact on Customer Engagement in Retail Sector. The test statistics revealed Product Quality and Variety; Online User Experience; Social Media Activity had a positive impact on Customer Engagement. The study hypothesis was found to be acceptable. The present study was a novel attempt to identify the prominent factors influencing customer engagement in retail sector.

### Conclusions

The current research signifies the effectiveness of advertisement and promotional activities in the retail sector providing a pathway for enhanced customer engagement. The identified prominent factors become highly essential to be focused by the retail business leaders for the long-term sustainability of their firm. The changing demand of customers, extent of digitization, information technology applications available today are making it evident for the business leaders to fine tune their strategies, upgrade their product lines by maintaining consistent quality, provide the best purchase experience through consistent efforts in online and social media activities to be successful. The long-term success of the firm depends on customer engagement.

The implementation of effective sales and promotional efforts have found to contribute to the success of a firm.

### Limitations and Future Directions

Data was gathered only 150 respondents in Mysuru City. Therefore, the study cannot be generalized to other cities and business sectors. Further research initiatives can assess other significant factors in business having an impact on customer engagement.

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