



School of Social Sciences

Master in Business Administration (MBA)

Postgraduate Dissertation

Customer Relationship Marketing in companies in the food sector in the  
United Kingdom

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Patras, Greece, March 2023

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## *Acknowledgments*

## Abstract

Since 1980, customer relationship management impact on firms' long-term profitability and sustainability has been significantly enlarged since it allows firms to increase their customers satisfaction and loyalty levels. This impact is even larger in case of highly competitive markets such as the UK food market. The present study focuses on this specific market and, especially, in Nestle firm. Data was gathered using the questionnaire of Suchánek and Králová (2019) using the simple random distribution sampling method resulting in 161 participants – consumers of Nestle products final sample. Their responses were analyzed using various statistical techniques. Particularly, frequency tables and non-parametric, due to normality absence, tests of Mann-Whitney, Kruskal-Wallis and Spearman Correlation Analysis were applied. The main findings are twofold. First, high levels of satisfaction and loyalty for the customers of Nestle in UK market were observed. However, there is a difference between the two levels, with the level of satisfaction to be higher than the loyalty level. Second, the level of customer satisfaction and loyalty is not affected by sex, age and educational level variables, but working position constitutes a source of differentiation. Particularly, people that do not work (retired and unemployed) seem to declare more satisfied and loyal than the groups of employees and entrepreneurs. Moreover, Nestle's customer satisfaction and loyalty seem to increase (a) the more the customers are aware of the firm's products, (b) the more customers' expectations, needs and requirements are met, (c) the more competitive they regard the products are, (d) the higher value they perceive from products' consumption, and (e) the higher quality they perceive to Nestle's products. All the above provide enough evidence that Nestle operates an efficient and effective Customer Relationship Marketing system, but room for improvement in customer loyalty is observed.

*Keywords:* Customer Relationship Marketing, Customer Satisfaction, Customer Loyalty, UK food market, Nestle.

## Περίληψη

Από το 1980, η επίδραση της διαχείρισης των σχέσεων πελατών στη μακροπρόθεσμη κερδοφορία και τη βιωσιμότητα των επιχειρήσεων έχει επεκταθεί σημαντικά, καθώς επιτρέπει στις επιχειρήσεις να αυξήσουν την ικανοποίηση των πελατών τους και τα επίπεδα αφοσίωσής τους. Αυτή η επίδραση είναι ακόμη μεγαλύτερη σε περίπτωση εντόνως ανταγωνιστικών αγορών, όπως η αγορά τροφίμων του Ηνωμένου Βασιλείου. Η παρούσα μελέτη επικεντρώνεται σε αυτή τη συγκεκριμένη αγορά και, ειδικά, στην εταιρεία Nestle. Τα δεδομένα συγκεντρώθηκαν χρησιμοποιώντας το ερωτηματολόγιο των Suchánek και Králoná (2019) εφαρμόζοντας την μέθοδο της απλής τυχαίας δειγματοληψίας με αποτέλεσμα το τελικό δείγμα να αποτελείται από 161 συμμετέχοντες - καταναλωτές προϊόντων Nestle. Οι απαντήσεις τους αναλύθηκαν χρησιμοποιώντας διάφορες στατιστικές μεθόδους. Ειδικότερα, χρησιμοποιήθηκαν πίνακες συχνότητας και μη παραμετρικοί έλεγχοι λόγω απουσίας κανονικότητας Mann-Whitney, Kruskal-Wallis και Spearman. Τα κύρια ευρήματα είναι δύο. Πρώτον, παρατηρήθηκαν υψηλά επίπεδα ικανοποίησης και αφοσίωσης για τους πελάτες της Nestle στην αγορά του Ηνωμένου Βασιλείου. Ωστόσο, υπάρχει μια διαφορά μεταξύ των δύο επιπέδων, με το επίπεδο ικανοποίησης να είναι υψηλότερο από το επίπεδο της αφοσίωσης. Δεύτερον, το επίπεδο ικανοποίησης και αφοσίωσης του πελάτη δεν επηρεάζεται από τις μεταβλητές φύλου, ηλικίας και εκπαιδευτικού επιπέδου, αλλά η θέση εργασίας το διαφοροποιεί. Συγκεκριμένα, οι άνθρωποι που δεν εργάζονται (συνταξιούχοι και άνεργοι) φαίνεται να δηλώνουν πιο ικανοποιημένοι και πιστοί σε σύγκριση με τις ομάδες των εργαζομένων και των αυτοαπασχολούμενων. Επιπλέον, η ικανοποίηση και η αφοσίωση των πελατών της Nestle φαίνεται να αυξάνονται (α) όσο περισσότερο οι πελάτες γνωρίζουν τα προϊόντα της επιχείρησης, (β) όσο οι προσδοκίες, οι απαιτήσεις και οι ανάγκες τους πληρούνται, (γ) όσο πιο ανταγωνιστικά θεωρούν τα προϊόντα, (δ) με την υψηλότερη αξία που αντιλαμβάνονται από την κατανάλωση των προϊόντων και (ε) με την υψηλότερη ποιότητα που αντιλαμβάνονται ότι προσφέρουν τα προϊόντα της Nestle. Όλα τα παραπάνω παρέχουν αρκετές ενδείξεις ότι η Nestle λειτουργεί ένα αποτελεσματικό και αποτελεσματικό σύστημα μάρκετινγκ πελατών, αλλά παρατηρείται περιθώριο βελτίωσης της αφοσίωσης των πελατών.

*Λέξεις - Κλειδιά:* Μάρκετινγκ Πελατειακών Σχέσεων, Ικανοποίηση Πελατών, Αφοσίωση Πελατών, Αγορά τροφίμων ΗΒ, Nestle.

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# Chapter 1: Introduction

## 1.1. The examined topic

One of the most important problems faced by all companies in recent years is customer satisfaction and retention due to the intense competition prevailing in the market. The tactics followed by companies is the result of different marketing strategies, but they have one basic element in common, they are all dealing with customers. According to Light (2001), customer relationships marketing developed from business processes such as relationship marketing in combination with the stronger emphasis on retaining important customers.

Relationship marketing emerged as a marketing discipline after the late 1980s and it is considered to be the establishment, maintenance, enhancement and commercialization of customer relationships through the fulfillment of promises by the company (Gronroos, 2000). Relationship marketing, as an idea, has existed since the beginning of commercial transactions between people. Thus, it was always conducted at the level of a neighborhood store, where the owner cultivated personal relationships with his limited number of customers. Then, as the size of companies and the number of their customers increased, the ability of the companies to cultivate personal relationships with their customers decreased. Since the late 1980s, there has been an increased possibility of applying relationship marketing thanks to the progress of information technology and the Internet. Thus, relationship marketing refers to all marketing activities that aim to establish, develop and maintain successful relational exchanges with customers (Sarmaniotis & Kargidis, 2004). Relationship Marketing means maintaining and enhancing customer relationships over the long term. Also, the company that uses relationship marketing differentiates its offers based on the needs of each customer separately (Petroff et al., 2002).

In recent years, businesses have placed more and more importance on customer satisfaction and retention as a result of intense competition (Chumtitz et al, 2004), but also on maximizing their profit. This new policy followed by the companies is the result of different marketing techniques which, however, have one basic element in common, dealing with customers. The adoption of marketing with an emphasis on creating and maintaining relationships with customers (relationship marketing), customer relationship management (customer relationship management), etc.

represents types of marketing that have common points between them (Sin et al, 2005.), as they concern relationships that the company develops with customers.

## 1.2. The importance of the topic

Today, consumers research, decide, order, and companies implement. The power is now in the hands of consumers, not in the hands of producers - suppliers. If some of the companies do not understand that times have changed, then they lose several customers. If the customer does not find what he wants in one company, then he will turn, if this is easy, to another. So what is important for a business is to keep loyal customers it already has, especially the most profitable ones, and not to constantly look for new ones.

Customer relationships management is essential for the company as it provides insights into customer expectations, it helps the company find out how to manage its customers, it contributes to relationship building with its customers, it leads to a more customer focused approach, and finally it helps the company understand its customers' needs (Khedkar, 2015). CRM is a strategy for developing and maintaining long-term and mutually beneficial relationships with customers of strategic importance, while seeking to maximize profitability and value for both customers and the company itself. In particular, through the CRM strategy, the company seeks, in addition to keeping customers for a long time, converting them into larger and more profitable customers, which it is able to serve more and more efficiently and regularly.

In companies with a corporate philosophy that focuses on customer relations, relationship marketing is an important tool for managing relationships with customers and suppliers, depending on the minimum cost of managing the conflict of interests. The result of using this function is the development of a competitive advantage (Hougaard & Bjerre, 2009). CRM seeks to increase profitability through the utilization of customer information. It is a useful tool, which aims to maximize the revenues and profits of a business and increase the satisfaction of its customers. After all, the most important goal of a business is to maintain long-term relationships with its customers, since long-term customers tend to be the most profitable, cost the company less money,

are less "sensitive" to price issues, and spread the company's good reputation. business to friends and acquaintances.

So, the examination of Customer relations management is crucial, as it is a widely and increasingly used practice, so it would be useful to increase insight on CRM and relationships marketing. Another interesting aspect of the study is the business sector it refers to. The food market in the UK is a very competitive market, so companies must find ways to keep their customers satisfied and loyal, so as to retain them and increase their profitability.

### 1.3. The structure of the thesis

The thesis consists of five chapters. Their content includes the following:

- The first chapter describes the examined theme of relationship management and Customer relationship management and its importance.
- In the second chapter, there is the literature review on relationship marketing and CRM, but also their connection with customer satisfaction and customer loyalty.
- The third chapter presents the research methodology, the sample selection the data collection and so forth.
- In the fourth chapter, there is a presentation of the results of the statistical analysis that took place in the United Kingdom,
- Finally, the fifth chapter summarizes the main conclusions of the thesis, the limitations of the research, managerial implications and it makes suggestions for future research.

## Chapter 2: Literature review

### 2.1. The notion of Relationship marketing

Kotler et al. (2019) presented a new approach to the evolution of marketing. They believe that marketing has evolved from simply promoting the product (Marketing 1.0) to a more customer-centric approach (Marketing 2.0) and going a step further, they propose Marketing 3.0. The new model takes a holistic approach to consumers choosing products and services that satisfy their deepest needs for creativity, collaboration and idealism. On the other hand, businesses also began to broaden their focus from products to people and now to issues of universal interest. Moreover, they create products and services and they set corporate policies that inspire and embody the values of their customers. Sheth and Parvatiyar (2000) consider relationship marketing as a new paradigm model with an alternative perspective and not simply a tool of the marketing mix (Gronroos, 1990). Almost all studies agree that relationship marketing is the opposite of transaction marketing (Gummesson, 1996).

Relationship marketing has come to the attention of marketing academics and practitioners in the last decades. It was not until the last decade of the twentieth century that marketing and relationship strategies gained wider appeal and recognition. Berry (1983) was one of the first to introduce the new concept in marketing, known as relationship marketing, as attracting, maintaining and strengthening customer relationships. According to Gronroos (1990), relationship marketing aims to identify, consolidate, maintain, increase and if necessary terminate relationships with customers and other interested parties with some profit, so that the objectives of all parties involved are achieved. This is done by mutual exchange and fulfillment of promises. According to Morgan and Hunt (1994), relationship marketing refers to all marketing activities directed at the successful creation, development and maintenance of relationships. The first definitions of relationship marketing mainly approached the traditional business-customer relationship, both business-to-business (B2B) and business-to-consumer (B2C). Later newer ideas that were added began to broaden the framework and incorporate other kinds of relationships.



In the same logic, there is also a definition that defines relationship marketing as the starting point, the maintenance and also the development of the company's relationships with the customer, in such a way that it results in profit for the two sides (Sheth & Parvatiyar, 2000).

Relationship marketing according to Gordon (1998) has the following 6 dimensions: (a) It seeks to create new value and share it with customers, (b) It recognizes the needs and important role that customers have, (c) It designs and aligns processes, communication, technology and people to support customer value, (d) It represents the continuous collaborative effort between sellers and buyers. (e) It recognizes customer capital (the sum of the combined lifetime values of all customers). (f) It seeks to create a chain of relationships within the organization and between the organization and stakeholders (suppliers, distribution channels, intermediaries and stakeholders).

The emergence of a new corporate culture, according to which the management of customer relationships is carried out in a different way compared to the past and which forces companies to implement new solutions and draw up new strategies in order to respond to this change. CRM has its roots in 'relationship marketing', where a business uses a combination of marketing, communication and service approaches to identify potential customers and their specific needs, build and manage a relationship with them in such a way that it benefits both parties long-term.

The fundamental principle of relationship marketing is that the greater the customer's degree of satisfaction with his relationship with the company, the greater the probability that he will remain committed to it (Payne, 1995). Barnes (2003) examined the ways in which a company can build meaningful relationships with its customers. He found that brand can have an important role in customer loyalty.

According to Khedkar (2015), customer relationships management is essential for the company due to the following factors: (a) it provides insights into customer expectations, (b) it helps the company find out how to manage its customers, (c) it contributes to relationship building with its customers, (d) it helps the company adopt a more customer focused approach, (e) it helps the company understand its customers' needs.

However, not all companies manage their relationships with their customers in the same way. There is a transaction – relationship continuum which depicts the different types of customers'

relationships. Transaction marketing uses the 4Ps marketing mix (product, price, place and promotion), which is considered to be insufficient (Denison & McDonald, 1995). On the other hand, relationship marketing targets at building unique relationships with the customers, which are also long-term oriented (Lindgreen et al., 2006).

## 2.2. The notion of Customer Relationship management

Customer Relationship management (CRM) is a company's strategic approach to creating appropriate relationships with its customers. The more complete picture a company has of its customer, the better service it can provide based on its needs. CRM enables the use of information in order to better understand the customer. This can be done through integration of processes, people, functions and marketing capabilities enabled by information and technology functions. Thus the system itself becomes customer-centric (Payne & Frow, 2006). One of the first references to CRM is that it is the approach to marketing that is oriented towards strong, long-term relationships with special customers. CRM has been greatly influenced by relationship marketing (Mitussis et al., 2006), which is why the two terms are often used interchangeably (Parvatiyar & Sheth, 2000).

Gordon (1988) defined CRM as an ongoing process of creating value for specific customers and obtaining benefits from this ongoing and long-term process on both sides, both the business side and the customer side. CRM involves understanding, focusing and managing an ongoing partnership between the company and specific customers to mutually create and share value through interdependence and business alignment.

Parvatiyar and Sheth (2000) concluded that customer relationship management is a comprehensive and broad strategic process that involves the acquisition and retention of selected customers in order to create maximum value for both the business and the customer himself.

According to Galbreath (1999), the concept of CRM is defined as follows: CRM is the set of activities that a company performs in order to identify, acquire, develop and retain loyal and profitable customers, delivering the right product to the right customer or the service, through the

right distribution channel, at the right time and at the best cost. CRM unifies the functions of sales, marketing, business resource planning and supply chain management, through the automation of business processes, the application of technological solutions, and the utilization of information resources, in order to maximize the value of each customer contact -business.

Another approach asserts that CRM is about creating, developing and strengthening individual customer relationships with carefully targeted customers and customer groups, resulting in the maximization of total customer lifetime value (Payne, 1995).

Swift's (2001) definition of CRM describes it as a business approach to understanding and influencing consumer behavior through multiple ways of communicating with the customer in order to improve customer acquisition, retention, loyalty and profitability.

CRM consists of components that bring the customer closer to the company and set the company as correct as possible towards the customer. It is based on a two-way relationship, gathering information, meeting needs, serving and loyalty. It is a technologically modern system, with excellent possibilities of interfacing with other systems of a company such as sales management or data analysis. It is one of the main sources of corporate knowledge as it has a platform that can be processed by simultaneous users and register data or communications with the customer, with the common goal of disseminating information. CRM systems rely on integrated enterprise resource planning (ERP) systems because in order to directly serve the customer. In addition, a CRM system needs financial data as well as data from the warehouse and ordering system, which is offered by ERP systems. So integration of ERP systems with the CRM system is required. Finally, the technological infrastructure of the CRM should support the internet as one of the channels of communication with the customer.

Finally, it should be noted that CRM has been constantly evolving. The progress of new communication technologies and the emergence of electronic commerce changed the way companies interact with their customers. Companies, now-a-days, tend to use e-CRM in managing their customers relationships. In e-CRM, new technologies and the internet are adopted in order to support the company's CRM strategy (Campani & Jhamb, 2020). Furthermore, the rise of social media creates new opportunities for customer relationships, but at the same time, it sets challenges

as well. Some of the new areas that can be developed in the social media relationship marketing are more constant interaction, metrics, performance evaluation, and a different overall marketing strategy for the company. At the same time, there are difficulties as well, such as the following: the company has little or no control over the message that is diffused, the large volume of the data to be processed, privacy issues, data safety issues, inadequacy of qualified employees, difficulties in measuring ROI of social media marketing campaigns, demand for content marketing and so forth (Malhouse et al., 2013).

### 2.3. The 4Cs of relationships marketing

The traditional 4P marketing mix approach expresses the perspective of marketing from the point of view of the selling company. The marketing mix comprises of those elements through which the company seeks to sell its products or services. The 4P elements are the Product, which can be described as the good that is produced and sold by the company, with its specific features. Price, at which the product or service is offered. The Place where the product is available to potential buyers. As well as the Promotion, which will take place in order to make the product known in the market. The new marketing approach is based on the development of customer relationships, communication networks and two-way effects (Day, 2000). In the marketing of creating and maintaining relationships with the buying public, it is necessary to complement the 4Ps with the 4Cs. The 4Cs express the buyer's side and are the elements that characterize the realization of a purchase from the customer's perspective.

The 4C elements constitute the Cost to Customer, the amount of money that he will have to pay to acquire the product or service. Convenience at the point of distribution of the offered product or service. Customer Needs, which includes the needs the consumer seeks to cover by purchasing and using the product or services. Also, the degree of suitability of the product for the needs and wants of the consumer is important. The fourth C is Communication that the consumer can have with the company or the seller, for information he may need or to solve problems.

It can be noted that some correspondence is observed between the elements of the 4Ps and the 4Cs. More specifically, the price is matched by the cost to the buyer. The location is combined with the

ease of access. The product is enhanced by the needs of the consumer and the promotion by communication. (Hougaard & Bjerre, 2009; Angelini, 2018).

#### 2.4. The notion of Key Account Management

The literature widely recognizes the importance of relationship marketing in customer relationship management, particularly in business-to-business (B2B) relationships where customers are fewer and stronger, markets are rather stable, and buyer-seller relationships are complex and interdependent.. This change from the simple sales transaction to relationship marketing, gave rise to a new philosophy in managing the relationship with some strategically important customers. A key customer (or Key Account - KA) is a customer recognized by the supplier as a customer of strategic importance. Pardo et al. (2006) investigated the origin of the Key Account Manager (KAM). Companies often allocate resources to customers who contribute the highest percentage of sales or profits, so it is perceived that all business customers are not treated equally. Their research demonstrated that KAM practices are often designed to achieve mutual benefits and create increased value in relationships with important customers.

Many businesses implement strategies that aim at achieving competitive advantage through a collaborative business relationship with their customers. Key Account Management (KAM) is a strategy that businesses rely on to manage their relationships with strategically important customers. In essence, KAM involves tailoring products and services to meet the needs of KA, while customers who are not classified as KA receive less personalized service. KAM is the application of relationship marketing in business markets enabling the transition from short-term, transactional orientation to longer-term, strategic, mutually beneficial and collaborative relationships. The achievement of long-term cooperation of the business with its important customers, offers stability in its operation, flexibility, and adaptation to challenges (Millman & Wilson, 1999).

Homburg et al. (2002) concluded that increasing demands for value-added services from a firm's important customers lead to the increased implementation of KAM practices. Thus, companies organize their resources based on the needs of important customers, develop potential important customers, employ people as managers of important customers, and create important customer

support teams, consisting of people from various business departments, such as sales, credit control, the marketing department, the supply chain department and so forth. The study also highlighted the significant impact of market complexity on the competitive necessity of KAM in a company.

Unlike a simple account manager, a key account manager manages the relationships between an organization and its most important customers. Since many companies have a small number of customers who contribute to a large percentage of the organization's revenue, his role is usually very important. This is because they need to build and maintain a strong business relationship with these clients. Keeping customers satisfied and engaged usually depends on how effectively the Key Account Manager can communicate with them on key issues. From how their needs are anticipated and met and from meeting set deadlines. In addition to ensuring a positive relationship with important clients, the key account manager is also responsible for generating new business from these clients and prospecting the market for new ones.

The selection of important customers is a particularly difficult process for a company, since many strategic decisions are guided by the selection of important customers. Important customers should be aligned with the corporate strategy and, therefore, contribute to the achievement of strategic goals (Woodburn & MacDonald, 2000).

## 2.5. The phases of the company's relations with a customer

As mentioned above, the definitions of relationship marketing have as their central core the relationship with customers. However, different customers are at a different stage of the relationship with the company and the company, depending on the type of customer (candidate, existing, former), handles the relationship differently. Dwyer et al. (1987) describe the following model with the five stages of relationships. The transition from one stage to the next is a significant change in how the members of the relationship see each other. (a) Awareness: one member recognizes that a transaction with the other is possible. (b) Exploration: research and testing, communication and negotiation begin. (c) Expansion: there is a continuous increase in benefits from transactions between the two parties and an increase in interdependence. (d) Commitment:

implicit or explicit promise to continue the relationship. (e) Dissolution: the possibility of the end of the relationship. Dissolution may be by supplier-customer agreement or be a unilateral decision by the customer or supplier.

According to life cycle analysis, there is a customer relationship management life cycle with three stages. These include attraction, promotion and retention. With this approach, each stage supports the recognition and understanding of the relationship between company and customers. This approach shows that each stage affects the customer relationship in different ways, so that strategies and organizational focus differ from one stage to another (Tavana et al. 2013): (a) In the stage of attraction, an effort is made to promote the products and services, with innovation strategies. (b) In the promotion stage, the promotion of profitability with existing customers is sought, with cost reduction and customer service strategies. (c) In the maintenance stage, retention of existing customers is sought, with strategies that focus on existing customers procuring new products.

The study of customer relationships and the path they usually follow is necessary to understand the above situations (Kleinaltenkamp et. al., 2015). All products tend to graphically follow a bell curve from inception to expiration. Customer relationships follow the same curve pattern.

The Customer Life Cycle includes (1) the period Before the Relationship Stage with the company, the period of the beginning of the customer relationship, which constitutes (2) the Early Stage of the customer relationship, (3) the Development Stage. (4) Then there is the Long-time Maturity Stage of the customer relationship, which is the period of the long-term commercial relationship. (5) The last phase is the Termination Stage of the customer relationship.

The period leading up to the development of the relationship is characterized by continuous sales growth. The maturation period is characterized by relatively stable sales until the beginning of their decline. The reduction is followed by the termination of the relationship. The first three periods, compared to the maturation period and the period from reduction to maturity, are relatively equal to each other in terms of time. The Transaction Costs (Transaction Costs), for the possibility of making the transaction, are very high at the beginning of the customer relationship and in the first transactions. Then they are continuously reduced until the relationship matures.

They tend to increase with decreasing transactions until the end of the relationship. The customer life cycle is the framework used to create marketing strategies and actions. As well as to understand the financial condition of the company, from the perspective of the lifetime of the customer relationship. By using the customer life cycle as a tool, the elements of the financial positive contribution and loss, to the company as a whole and to the marketing activities in particular, they are demonstrated.

A commercial relationship goes through various stages until it finally dissolves. The creation of the relationship is based on the rational behavior of the seller and the customer. Rational behavior is considered to be benefit-oriented action. As the customer relationship matures, barriers to continuing the relationship are created. It must be emphasized that the course of each transaction is different. They are not inherent in all transactions, all lifecycle states. Some trades will not go through, some will be aborted and some will run the full range of the cycle (Hougaard & Bjerre, 2009).

Finally, Khedkar (2015) refers to the CRM practices that lead to a more effective CRM process, which are the following: (a) managing the customers, with better service and care, and standardized policies of pricing, , discounts and other incentives. (b) reducing the complaint management time, (c) regular and effective communication with the customers.

## 2.6. Customer satisfaction and customer loyalty

Customer satisfaction and customer loyalty are two notions that were researched extensively (Turyilmaz & Ozkan, 2007). Especially in the food sector, customer expectations have an important impact on their assessments on food products (Cardello, 1995), food quality (Tuorila et al., 1994). Customer expectations refer to the perceived quality of the food products and it is related to the taste, sight, smell etc of the food, its nutritional value, the way it is produced and so forth (Grunert, 2002). Food quality can also be related to its safety, utility, convenience, cost and so forth (Cardello, 1995).



So, customer satisfaction is described as the overall experience the customer gets from its purchase, but it also includes the customer's experience of the seller, the producer etc (Fornell, 1992). Accordingly, customer loyalty is the customer's willingness to buy the product from the same company, despite external factors, such as advertisement (Li et al., 2012).

Customer satisfaction is the key ingredient for competitive strategies, and keeping customers happy is critical to a company's long-term successful path. Customer satisfaction and loyalty to a product or service respectively affect the performance of customer relationship management (essentially profitability) which is based on the behaviour of the customers. Customer behavior becomes evident from specific actions such as renewing a contract, repeating a purchase, staying with the same company for a long time, but also the reputation that the customer himself spreads by word of mouth about a company's products and services (Guo & Qin, 2017).

According to Kotler (2000), satisfaction is defined as "an individual's feelings of pleasure or displeasure arising from the subjective comparison of the performance (or outcome) of a product in relation to his expectations". Whether the buyer is satisfied or not after the purchase depends on the performance of the product relative to the buyer's expectations. Satisfaction is therefore a function of subjective performance and expectations. If the performance falls short of expectations, the customer is dissatisfied. If the performance matches the expectations the customer is satisfied. If the performance is greater than the expectations the customer is very pleased or excited. So it becomes clear that satisfaction is a process of evaluating and comparing expectations and results. It is the result of a psychological process of comparisons whose results become apparent after consumption is complete. From the customer's point of view, satisfaction means the fulfillment of a desired level of fulfillment of a need by purchasing a good or receiving a service, avoiding the consequences that a bad choice would have. The principles that can bring satisfaction to the customer are: (a) Cooperation based on Ethics and Integrity. (b) Added value to the Customer-Supplier relationship (c) Mutual trust (d) Close relationship with the customer.

For companies, the results of customer loyalty are long-term and cumulative. Loyal customers increase business profitability more than any other customer category, reduce marketing expenses, as well as transaction costs, increase transactions per customer and improve business reputation. Based on the amount of repeat purchases and the degree of loyalty to the product or service, four

different categories of loyalty are distinguished: (a) Non-loyalty, where some customers show no loyalty and tend to change products and brands without any apparent reason (b) Passive loyalty, which it is mainly due to habit and despite the fact that customers make repeat purchases their commitment to the product is low. (c) Latent loyalty where customers make small repeated purchases even though their loyalty is high. (d) Absolute loyalty which is the most desirable situation for all companies. Customers show a high level of commitment to the product while simultaneously making many repeated purchases. These customers are the best advertisers and ambassadors for the brand.

Assuming that the performance of the product is less than the expected, the customer is dissatisfied whereas if the opposite happens and the performance exceeds his expectations and desires, then the customer is very satisfied and excited. The goal of companies is high consumer satisfaction because in this way they will be considered committed and will not be directed towards competing products and services. In addition, consumer satisfaction is called "the overall attitude that he forms towards a product that he used, after acquiring it. In other words, it is an evaluative judgment after the choice that results from a specific purchase decision and from the experience of its use (Westbrook & Oliver, 1991).

There have been many definitions of what customer satisfaction is. According to Oliver (1997) it is 'the customer's response to the fulfillment of his needs by a product or service'. Andreassen (2000) states that satisfaction is related to the subjective evaluation of emotions. Emotions come from the input/output function. The final result is a positive or negative feeling of fulfillment. Satisfaction depends on the perceived performance of the product/service relative to a customer's expectations. Thus, customers are satisfied as long as their expectations are met, while the greater the distance between expectations and performance, the more dissatisfied they feel. If performance exceeds expectations then customers are highly satisfied or excited (Armstrong, 2009). The measurement of customer satisfaction as noted by Siomkos (2014) is based on three factors: (a) expectations of efficiency / product quality (b) perceived results / perceived quality and (c) difference between expectations and results.

The commercial relationship between buyer and seller can be of salient importance to both parties of the relationship (both the buyer and the seller). Sometimes, it is particularly difficult or even

impossible to disrupt or break up a customer relationship. Long-term customer relationship marketing gives importance to the commercial relationship with the customer and invests in the value of this relationship (Kleinaltenkamp et. al., 2015). The value of the customer-seller relationship refers to the total value of the commercial transaction between the two parties. Relationship marketing creates, maintains and develops relationships with buyers, for the purpose of profit and satisfaction of both parties, in a context of honesty (Li, 2014). Clarity and honesty are important parameters to avoid buyer dissatisfaction due to misunderstandings.

Customer relationship management can be defined as a business and communication strategy based on the collection of customer information, which is used to increase customer satisfaction and loyalty to the business with the goal of profitability. Traditionally, companies have developed a database to record customer information, including details such as customer profiles, demographics, the range of products purchased and other information of interest to them. This data is used by management, vendors, staff and others to determine market trends, customer preferences and service (Milovic, 2012).

The CRM strategy should define the processes that the business will follow throughout the customer's life cycle. On the one hand, the company must win over customers with direct contact, the effective implementation of marketing campaigns and the effective training of databases of potential customers. Companies need to know customers, understand their habits and needs, making the best use of technology and treating them personally. In addition, he should increase customer value in order to take advantage of all cross-selling opportunities, identify profitable customers (those who tend to exceed ordinary sales) and focus on those customers who have a potential increase in value. In the end, it is necessary to keep the customer, that is, to prevent his departure from the company to become customer of a competitor, through different prevention measures such as the cancellation of his contract, the reacquisition of customers who have already been customers in the past and the development of reward programs of a long-term cooperation (Milovic, 2012).

## 2.7. The impact of relationship marketing on customer satisfaction

Customer relationship management is a marketing strategy that contributes to customer satisfaction by providing value to the customer as well as to the business (Bose et al., 2003). It is significantly more profitable to keep and satisfy existing customers than to find new ones. Based on the above assumption, relationship marketing executives have begun to adopt a managerial orientation of customer bases, and to enhance the dynamic nature of the customer by creating stable personal relationships over time (Kotler 1994).

Satisfaction, trust, and commitment are key relational outcomes that mediate the effect of KAM practices on firm performance. More specifically, satisfaction defines the (positive) emotional state resulting from the appreciation of all aspects of an exchange relationship. Trust is described as the reliability and goodness of the supplier. Commitment is the desire to continue the relationship in the future and the willingness to maintain the partnership (Tzempelikos & Gounaris, 2015).

By managing customer relationships, the company increases the satisfaction of its customers, while reducing the number of customers who intend to or eventually leave the company in question. That is, by collecting and analyzing data regarding customers, the company has the ability to create a complete global picture of each customer, as a result of which it can offer them products and services of a high level, worthy of their expectations. Research that dealt with customer satisfaction and loyalty showed that CRM has a significant effect on business profitability (Reinartz and Kumar, 2003).

Garbarino and Johnson (1999) examined the factors affecting customers relationships. More specifically, they investigated the relationships of satisfaction, trust and commitment to the customers' attitudes and their intentions. The results showed that for the customers with low relational status, their overall satisfaction is the mediating factor between their attitudes and their future intentions. For the high relational customers, trust and commitment are the mediating factors between their attitudes and their future intentions.

Lo (2012) conducted a study on customer satisfaction. He found that relationship marketing strategies help the company maintain a healthy customer relation with each customer. The

company can also have a better market position and higher old customer retention rates. Satisfaction and trust are also found to be significant dimensions of relationship marketing.

Khedkar (2015) examined the effects of customer relationship management in customer satisfaction and loyalty. The results showed that CRM leads to customer satisfaction. In turn, a satisfied customer tends to be more loyal, and so customer satisfaction and loyalty lead to better organizational performance, measured by revenues and profits.

## 2.8. The impact of relationship marketing on customer loyalty

The most important goal of a business is to maintain lasting relationships with its customers. The reasons are that long-term customers tend to be the most profitable, while they cost the company less money, they are less "sensitive" to price fluctuations and they spread the good reputation (word of mouth) of the company (Thakur et al., 2005). The cost of retaining an existing customer is estimated to be almost 1/5 of the cost of acquiring a new customer (Kotler, 1990), whereas otherwise considerable capital would have to be spent to find new customers through sales promotion and of advertising, which are directly related to finding a new clientele. Conversely, a dissatisfied customer may talk to up to 11 other people about a bad experience they may have had with a product or an ineffective level of service.

One of the most important outcomes of customer satisfaction within relationship marketing is customer loyalty. Neal (1999) defines loyalty as the proportion of time a buyer chooses the same product or service from a category, relative to the total number of purchases in that category, assuming that competing products or services are readily available. Bloemer and de Ruyter (1998) state that loyalty is the voluntary behavioral response, which is expressed over time by a decision-making unit with respect to one supplier among a number of suppliers. Loyalty is an action of physiological processes (decision-making and evaluation) that leads to commitment to the business and the brand. It has been empirically proven that loyalty has the effect of reducing the cost of serving loyal customers, reducing their sensitivity to price changes, increasing the time they spend in the business, and increasing positive recommendations to others due to personal experience (Reichheld & Teal, 1996).

Trust is a necessary element for the development of long-term customer relationships. Trust needs to be mutual from both trading parties, seller and customer (Buttle, 1996). The customer is necessary for the development of a long-term commercial relationship, but in order for this to happen, the customer has to trust the company for the product or service it offers. The customer seeks a customer relationship, in which he trusts the company for the suitability of the offered product or service for him, for the fair price offered and for the honesty of the company towards him. If the company succeeds in developing trusting relationships with the customer, the customer will very rarely leave the customer relationship.

Commitment is the perception, by the seller and the customer, that the customer relationship provides value to both sides of the relationship. The mutual willingness to continue the commercial relationship is created. Vendor and customer engagement is linked to the value the relationship brings to each side individually, but also to the overall value of the customer relationship as a system. Positive perceptions and behaviors in the context of the customer relationship create the tendency to maintain long-term transactions. (Hougaard and Bjerre, 2009)

Conflict management brings customer satisfaction and customer loyalty (Mahmoud et. al., 2018). Companies are asked to have provided for any problems at all levels, from their suppliers to the use of products and services by the consumer. In the context of relationship marketing, the ability to resolve issues directly and the interest that must characterize the company employee in conflict situations are given. It is not possible to have a customer relationship without problems, misunderstandings and conflicts. The successful management of the conflict and the resolution of the issue, is the fact that will keep the customer in the commercial relationship he has developed with the company.

Companies seek to develop relationships of trust with customers, so that they become stable and loyal customers of the company (Mahmoud et. al., 2018). Customer loyalty is manifested by repurchasing the company's products or services. Companies, in order to achieve their goal, have developed an entire organizational structure within the company. The development of loyalty to the buying public is the result of a conscious and organized effort on the part of the company. Companies plan their structures and operations in order to optimally cover the needs and desires

of the buying public. Customer loyalty is identified with the creation of stable and profitable customer relations between the sales company and the customer (Cavallone, 2017).

Leverin and Liljander (2006) investigated whether relationship marketing strategy affects customer relationships and customer loyalty. The results showed that there are no significant differences between customer relationship and their loyalty. Moreover, the relationship satisfaction is not important determinant factor of their loyalty.

Rizan et al. (2014) examined the relationship between relationship marketing and customer loyalty. They found that relationship marketing affects customer loyalty. Customer trust and customer satisfaction are significant mediators in this relationship. So, relationship marketing can contribute to more healthy and long-term relations and more stable partnerships.

Khan et al. (2020) examined the impact of customer relationship management on customer loyalty. The results of the study showed that customer relationship management and company reputation have a positive and significant impact on customer loyalty. Moreover, customer satisfaction partially mediates the relation between customer relationship management, company reputation and customer loyalty.

Sachanek & Kralova (2019) examined the relationship between customer satisfaction, customer loyalty and other factors with competitiveness in the food market. They showed that knowledge of the product has a direct impact on customer expectations, while customer loyalty has an impact on product knowledge.

Kolis and Jirinova (2013) examined the relationship between customer relations management and the company's performance. Customer satisfaction, customer loyalty, value and equity were considered to be the key dimensions of customers relationship management.

## Chapter 3: Research Methodology

### 3.1. Research aim and questions

As mentioned in Introduction, the food market in the UK is a very competitive market. A company has to find ways to keep their customers satisfied and loyal to retain its competitiveness and increase its profitability. In this context, the present study examines customer satisfaction and customer loyalty in case of one firm that operates in UK food market. The firm is Nestle, which is one of the biggest food firms with well-known products both globally and in UK. Particularly, the aim of the present thesis is two-fold.

*Research Aim: The examination of the level of Nestle's customer satisfaction and customer loyalty in UK food market.*

To this aim, the following questions need to be answered:

*Research Question 1: Are Nestle's customers satisfied?*

*Research Question 2: Are Nestle's customers loyal?*

*Research Question 3: What are the factors that may influence customer satisfaction for Nestle?*

*Research Question 3: What are the factors that may influence customer loyalty for Nestle?*

### 3.2. Design of the research tool

There is a variety of research tools that include interviews, questionnaires, and experiments. In the context of the present study, the research tool of questionnaire was selected. Particularly, a questionnaire of closed-ended questions is selected because it combines the advantages of low cost, low time demands, easiness to completion for the participants and succession of large research samples for the researchers with the advantages of reducing the degree of the spontaneity of the respondents and allow the researchers to focus on the point of their interest (Jones et al., 2008). The second worry of the researcher was the validity and the reliability of the questionnaire.



The researcher took various measures to assure the levels of these parameters, that are analyzed at the end of the present section. One of these measures was the use of a questionnaire that was formed and used by previous researchers. Studying the literature, the questionnaire of Suchánek and Králová (2019) seemed to fit the most to our research aim and research questions. This questionnaire is described in the following paragraphs while its full version may be seen in Appendix.

The Suchánek and Králová's (2019) questionnaire consists of two sections. The first section refers to demographic characteristics of the participants. Specifically, the characteristics of sex, age, current work position and educational level are examined using multiple choice questions. The second section refers to seven different dimensions of customer marketing that can be described briefly and comprehensively below:

[1] *Product Knowledge*: The dimension of product knowledge is examined by one question. This question is "How well do you know the product?" and is formed in a 5-point Likert scale from almost not at all to very well. The higher the answer the higher the level of knowledge.

[2] *Competitiveness*: This dimension contains three questions that refer to the various dimensions of Nestle's products competitiveness such as the brand, the quality and the marketing communications. The questions are formed on a 5-point Likert scale that range from significantly worse to significantly better. The higher the answer the higher the product's competitiveness.

[3] *Customer Expectations*: Customer Expectation dimension consists of four questions that examine the way that the clients of the firm regard of its products. These questions refer to the clients' needs and requirements, the promises made, the stability of the quality characteristics, and the gap between pre-purchase and consumption. They are formed on a 5-point Likert scale that scale from no satisfaction or all-time variation or significantly worse to fully met of needs or no variation or significantly worse respectively. The higher the answer the more often the customer expectations are met.

[4] *Perceived Quality*: The five questions of the present dimension try to exact the quality that the participants get from the firm's products consumption. They are measured on a 5-point Likert scales that ranges from very low to very high. The higher the answer the higher the product's

competitiveness. The higher the answer the higher the quality the participants perceive from the products' consumption.

[5] *Perceived Value*: The five questions of the present dimension try to exact the value that the participants get from the firm's products consumption. They are measured on a 5-point Likert scales that ranges from price significantly higher than the quality or costs significantly higher to price reasonable for the quality or quality higher to the included costs respectively. The higher the answer the higher the value the participants get from the products' consumption.

[6] *Customer Satisfaction*: Customer satisfaction is examined using three questions. These questions are formed on a 5-point Likert scale that range from not at all to completely. The higher the answer the more satisfied the participants are.

[7] *Customer Loyalty*: This dimension consists of four questions that examine the way the degree of loyalty that the participants show towards Nestle's products. These questions refer to the frequency of purchases, the attractiveness of similar products, the participants reactions to a price increase and their intention to recommendation of the products. They are formed on a 5-point Likert scale that scale from often or certainly not or significantly decrease to never or definitely yes or remain the same respectively. The higher the answer the more loyal the participants are.

To sum up, the total questionnaire consists of 25 questions, out of which 4 are multiple-choice questions and 21 are Likert type of various scales. It is worth mentioning that the higher the answers of the Likert type questions are, the more the firm Nestle is benefited by the customer marketing it applies.

Regarding the validity of the research tool, the researcher applied various measures to assure it. First, a questionnaire that was constructed by previous researchers was selected. This means that the initial researchers, who in this case are Suchánek and Králová's (2019) made all the appropriate actions to produce a valid questionnaire. Moreover, the questionnaire was used in its initial form which means that translation bugs and errors are totally avoided. Finally, a pilot survey of 10 participants was conducted. The questions made and the clarifications asked by the participants of this pilot survey was taken into account for the configuration of the final form of the questionnaire. Finally, regarding the reliability of the research tool, Cronbach's alphas were computed for all

scales and the total questionnaire. These coefficients indicate a scale of high internal consistency in case that their values are higher than 0,7. In the present study, Table 1 shows that all scales included the total questionnaire can be regarded as of satisfactory level of reliability (Kouremenos, 2008).

*Table 1. Reliability Analysis – Cronbach's Alphas calculation*

Questionnaire's Section	Cronbach's Alpha	N of Items
Product Knowledge	N/A	1
Competitiveness	0,7122	3
Customer Expectations	0,7477	4
Perceived Quality	0,7824	5
Perceived Value	0,8208	5
Customer Satisfaction	0,7918	3
Customer Loyalty	0,8049	4
Total	0,9345	25

*Note.* N/A stands for Not Available

### 3.3. Variables and statistical methods

The statistical methods used to process the questionnaire variables and to investigate research questions and data were drawn from both the descriptive and the inductive field of statistics. Descriptive statistical methods aim to describe the sample and export the trends that appear in the sample and are also reflected in the population, while inductive statistical methods are aimed at exploring the degree to which various features can be attributed to the population (Kalamatianou, 2003). The type of statistical methods selected depend on the quantitative or qualitative type of the variables they are called upon to analyze, on the size of the sample and, in case of quantitative variables, on whether they are normally distributed or not (Kouremenos, 2008).

In the context of the present research, the demographic characteristics questions are of multiple choice form and correspond to quantitative variables, while the rest of the questions are formed on a 5-point Likert scale and correspond to categorical variables. However, additional seven variables were computed. Particularly, one variable was computed as the arithmetic mean of the questions of each section that expresses the total dimension. Hence, seven variables were computed that

express product knowledge, competitiveness, customer expectations, product quality, product value, customer satisfaction and customer loyalty. These variables are quantitative.

Given the above and regarding descriptive statistical methods, frequency tables are the most appropriate method for the presentation of the participants' responses and their demographic characteristics because of their quantitative nature. Moreover, the statistical measures of average, standard deviation, 1<sup>st</sup> and 3<sup>rd</sup> quartile and median are calculated for the presentation of the seven quantitative variables (Kalamatianou, 2003). Regarding inferential statistical methods, the ones chosen are tests of Mann – Whitney, of Kruskal – Wallis and of Friedman, while correlation analysis using Spearman coefficient was conducted. The choice of the above non-parametric methods was based on the assumption that the quantitative variables are not normally distributed, an assumption that was confirmed by the Kolmogorov-Smirnov test. All of these methods are described in the following lines (Kolyva-Machera & Bora-Senta, 1998):

- ✓ Kolmogorov-Smirnov test examines the null assumption of a normally distributed variable.
- ✓ Mann – Whitney test examines the null basic assumption of the same distribution of a quantitative variable in the groups that a dichotomous quantitative variable forms.
- ✓ Kruskal – Wallis test examines the null assumption of the same distribution of a quantitative variable in the  $k$  groups that a quantitative variable forms.
- ✓ Friedman test examines the basic assumption that there is no difference in the distribution of two or more quantitative variable that are measured in the same sample.
- ✓ Spearman Correlation Coefficient measures the sign and the intensity of the correlation between two quantitative variables. Its price range from -1 for perfect negative correlation to +1 for perfect positive correlation. This analysis is accompanied by a t-test that examines the null hypothesis of statistical significance of the coefficient.

Adequate evidence that the null hypotheses of the above tests should be accepted is provided when the *p-value* of the test is higher than level of significance. The chosen levels of significance are set to be equal to 10%, 5% and 1% in the present study. Finally, it has to be mentioned that all of the above were conducted using SPSS (Social Package for Social Sciences).

### 3.4. Sample of the research

The present study aims to examine the level of customer satisfaction and customer loyalty in case Nestle which operates in the UK food market. Thus, the population of the study consists of all people that consume the firm's products. This means that the population is very large. Thus, the method of simple random sampling was followed, and the resulting sample consists of 161 participants.

## Chapter 4: Analysis of the Results

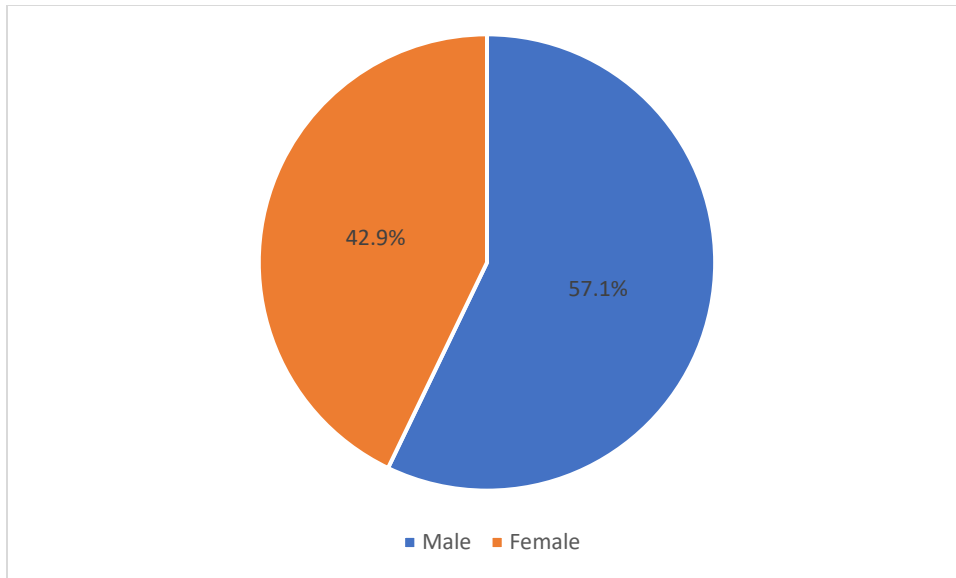
### 4.1. Demographics

The sampling procedure that was described above indicated the gathering of a final sample of 161 consumers of Nestle's products. This sample is described in Table 2 regarding its demographic characteristics.

*Table 2. Sample Description – Demographics*

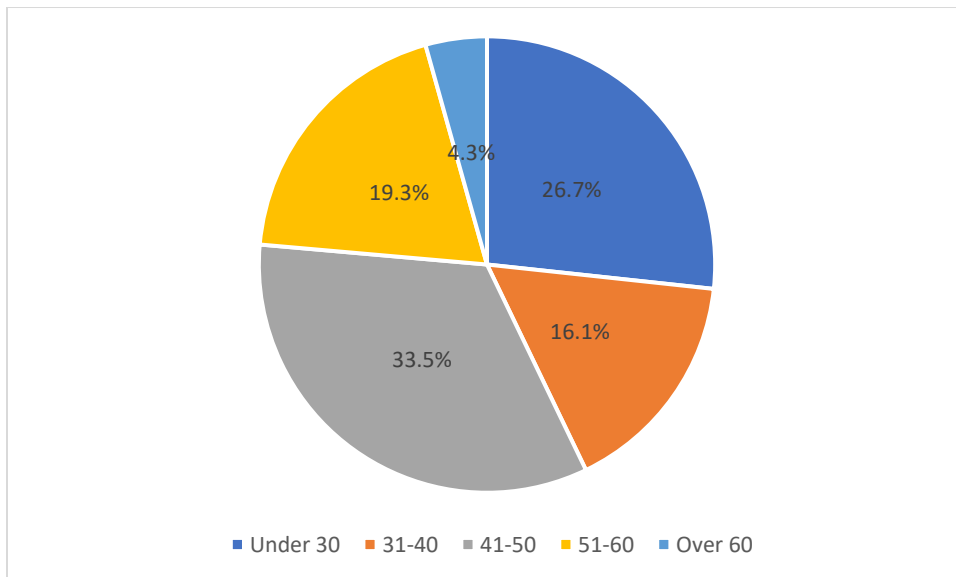
		N	N %
<b>Sex</b>	Male	92	57,1%
	Female	69	42,9%
	<b>Total</b>	<b>161</b>	<b>100,0%</b>
<b>Age (in years)</b>	Under 30	43	26,7%
	31-40	26	16,1%
	41-50	54	33,5%
	51-60	31	19,3%
	Over 60	7	4,3%
	<b>Total</b>	<b>161</b>	<b>100,0%</b>
<b>Current work position</b>	Employee	114	70,8%
	Entrepreneur	35	21,7%
	Unemployed/Retired	12	7,5%
	<b>Total</b>	<b>161</b>	<b>100,0%</b>
<b>Educational Level</b>	High School	13	8,1%
	Technological Institution	16	9,9%
	University	80	49,7%
	Master or Ph.D	52	32,3%
	<b>Total</b>	<b>161</b>	<b>100,0%</b>

According to Table 2, the majority of the participants are male. Particularly, out of 161 participants, 92 (57,1%) are male and 69 (42,9%) are female. The gender distribution is illustrated in Figure 1.



*Figure 1. Distribution of Sex in Sample*

Respectively, the distribution of age in the sample is illustrated in Figure 2. According to it, the majority of the participants (54; 33,5%) are 41-50 years old. The other groups of age in descending row of frequency are “under 30” (43; 26,7%), 51-60 (31; 19,3%), 31-40 (26; 16,1%) and “over 60” (7; 4,3%).



*Figure 2. Distribution of Age in Sample*

Figure 3 illustrates the current work position’s distribution in the sample based on Table 2. The majority of the sample, particularly 114 out of 161 participants (70,8%), are employees, while only

12 (7,5%) participants declare that they are unemployed or retired. Finally, 35 (21,7%) consumers are entrepreneurs.

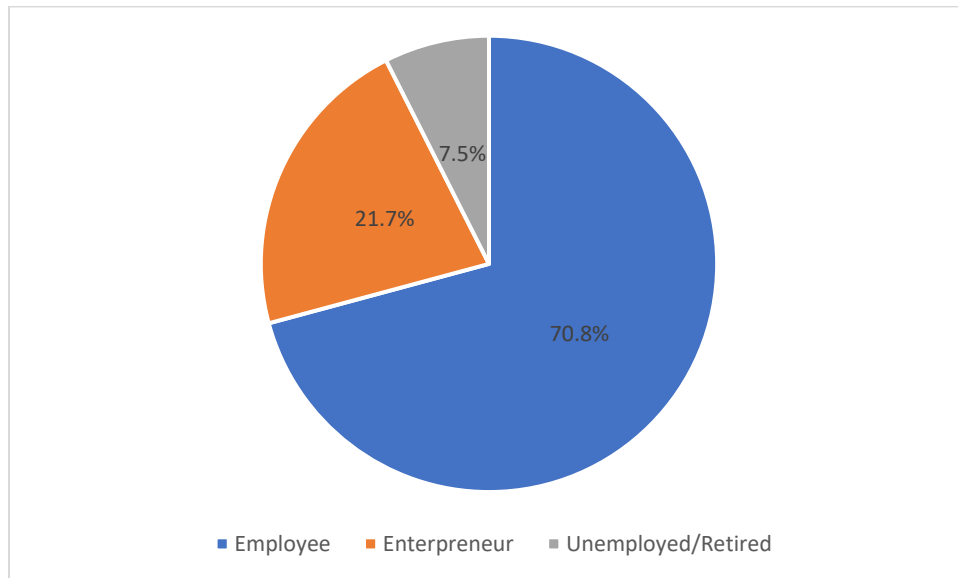


Figure 3. Distribution of Current Work Position in Sample

Finally, regarding educational level, Figure 4 illustrates the distribution of it in the sample according to the frequencies of Table 2. The marginal majority (80; 49,7%) of the sample have a bachelor degree followed by the ones with master or Ph.D. (52; 32,3%), Technological Institution degree (16; 9,9%) and high school (13; 8,1%).

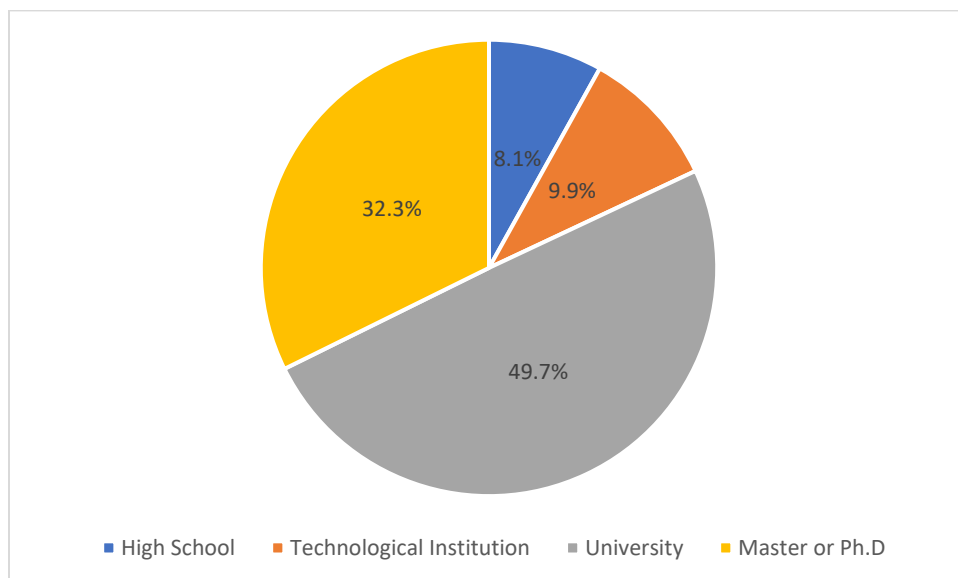


Figure 4. Distribution of Educational Level in Sample



## 4.2. Analysis of the Responses

In the present section, the questions of the second part of the questionnaire are analyzed. This analysis provides some answers to the research questions stated that are discussed in next section.

### 4.2.1. The Responses of the Sample

#### 4.2.1.1. Product Knowledge

Table 3 shows the responses of the sample to the unique question that refers to product knowledge.

Table 3. The Dimension of Product Knowledge – Sample Responses

Product Knowledge		N	N %
How well do you know the product?	1: Almost not at all	6	3,7%
	2	11	6,8%
	3	28	17,4%
	4	74	46,0%
	5: Very well	42	26,1%
	<b>Total</b>	<b>161</b>	<b>100,0%</b>

The responses of Table 3 are illustrated in Figure 5. According to it, the sample states that knows the products of Nestle very well. Particularly, 17 (26,1%) respond that they do not know them well, 28 (17,4%) that they know them moderately, and 116 (72,0%) at least well.

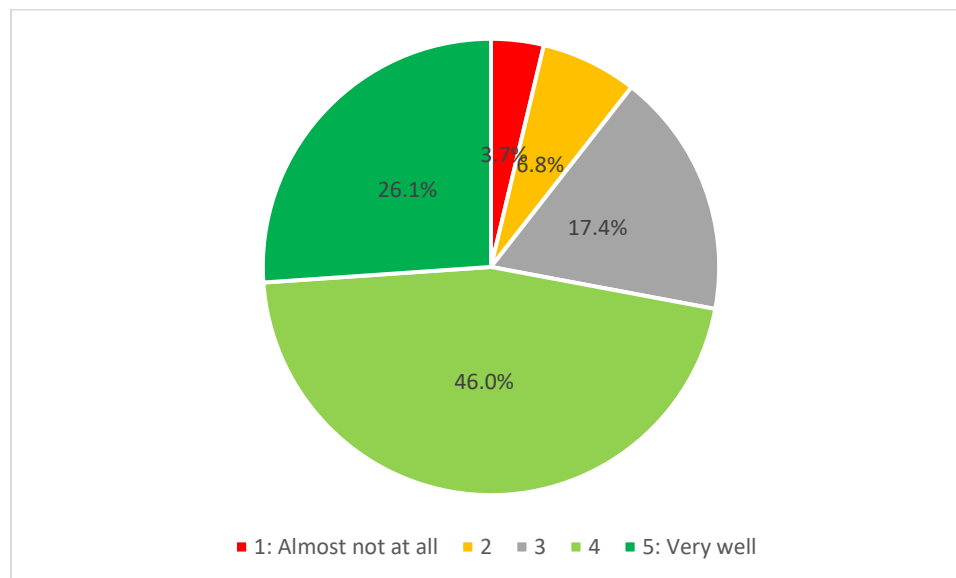


Figure 5. Responses to question "How well do you know the product?"

#### 4.2.1.2. Competitiveness

Table 4 shows the responses of the sample to the questions that refers to product competitiveness. In general, the participants recognize high levels of competitiveness for the products of Nestle, since almost the absolute majority of the sample respond the two highest alternative answers.

Table 4. The Dimension of Competitiveness – Sample Responses

Competitiveness		N	N %
<b>How do you assess the image of the product with respect to its brand (tradition, reputation, prestige, etc) in comparison with the competition?</b>	1: Significantly worse	3	1,9%
	2	13	8,1%
	3	29	18,0%
	4	78	48,4%
	5: Significantly better	38	23,6%
	<b>Total</b>	<b>161</b>	<b>100,0%</b>
<b>How do you assess the image of the product with respect to its overall quality (nutritional value, taste, composition, appearance, etc) in comparison with the competition?</b>	1: Significantly worse	1	,6%
	2	8	5,0%
	3	38	23,6%
	4	79	49,1%
	5: Significantly better	35	21,7%
	<b>Total</b>	<b>161</b>	<b>100,0%</b>
<b>How do you assess the image of the product with respect to its level of marketing communication (interest, memorability, intensity of advertising, etc) which relates to the product in comparison with the competition?</b>	1: Significantly worse	1	,6%
	2	12	7,5%
	3	47	29,2%
	4	68	42,2%
	5: Significantly better	33	20,5%
	<b>Total</b>	<b>161</b>	<b>100,0%</b>

Based on Table 4, Figure 6, Figure 7 and Figure 8 present the illustration of the distribution of the responses to the three questions regarding the competitiveness of Nestle's products. According to Figure 6, 116 (72,0%) participants respond that the image of the products with respect to its brand in comparison with the competition are at least better than the competitors'. Respectively, 114 (70,8%) declare that the image of products with respect to its overall quality is better than competitors' as shown in Figure 7. Lastly, the image of the product with respect to its level of marketing communication which relates to the product is found to be better than the competition by 101 (62,7%), according to Figure 8.

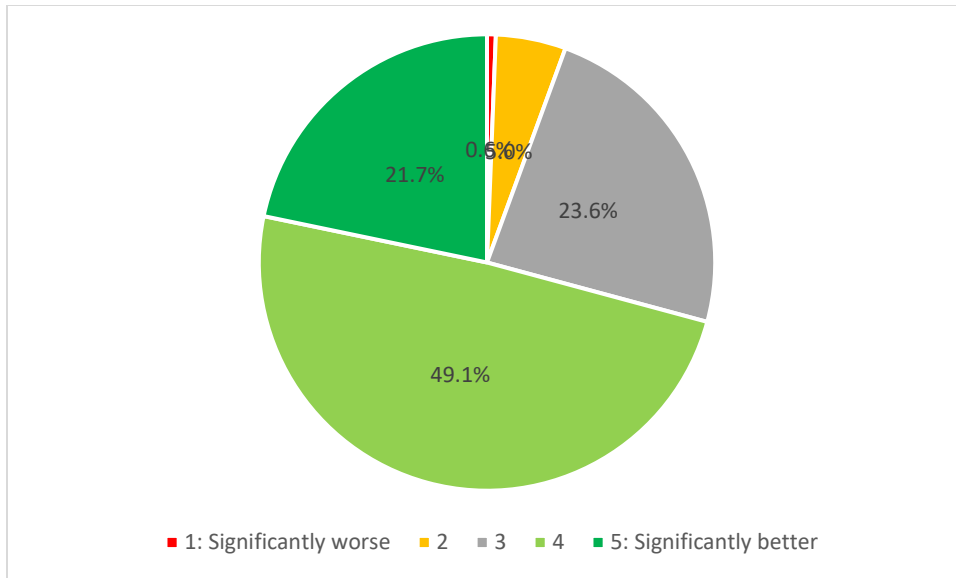


Figure 6. Responses to question "How do you assess the image of the product with respect to its brand (tradition, reputation, prestige, etc) in comparison with the competition?"

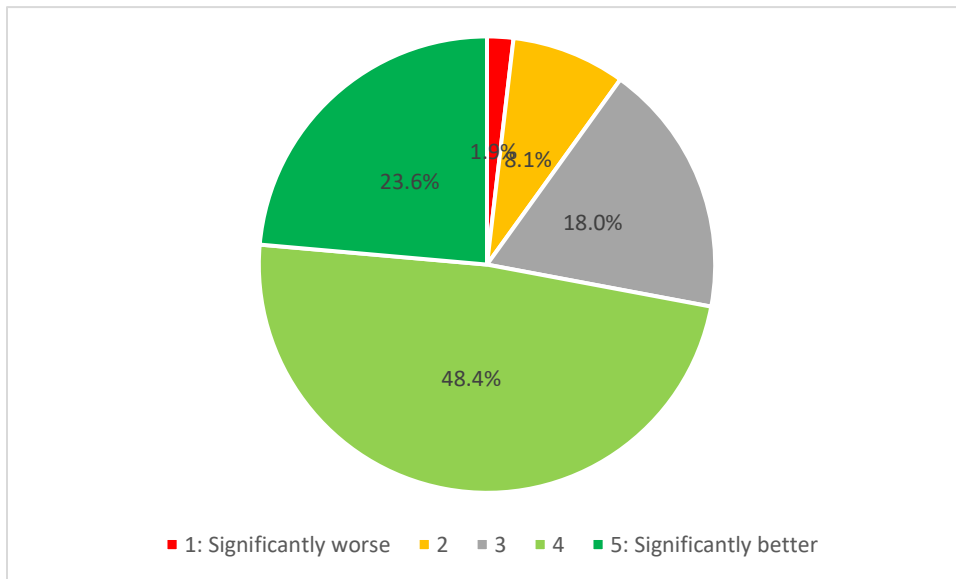


Figure 7. Responses to question "How do you assess the image of the product with respect to its overall quality (nutritional value, taste, composition, appearance, etc) in comparison with the competition?"

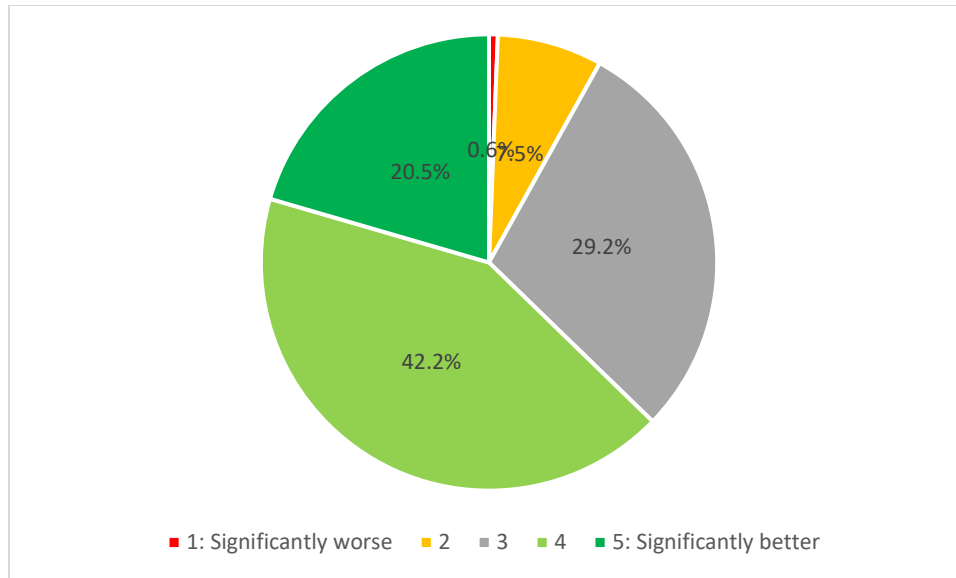


Figure 8. Responses to question “How do you assess the image of the product with respect to its level of marketing communication (interest, memorability, intensity of advertising, etc) which relates to the product in comparison with the competition?”

#### 4.2.1.3. Customer Expectations

Table 5 displays the participants’ responses of the sample to the unique question that refers to the satisfaction of customer expectations. In general, a high level of fulfilling the customers’ expectations, needs and requirements is observed, because the highest levels of the alternative responds (4 and 5) concentrate the vast majority of the sample. Figures 9 to 11 illustrate these responses.

Table 5. The Dimension of Customer Expectations – Sample Responses

Customer Expectations		N	N %
<b>To what extent does the product meet your needs and requirements?</b>	1: Does not satisfy them all	1	,6%
	2	12	7,5%
	3	36	22,4%
	4	70	43,5%
	5: Fully meets them.	42	26,1%
	<b>Total</b>	<b>161</b>	<b>100,0%</b>
<b>To what extent does the product meet your expectations in comparison with the promises?</b>	1: Does not satisfy them all	3	1,9%
	2	6	3,7%
	3	34	21,1%
	4	77	47,8%
	5: Fully meets them.	41	25,5%

Customer Expectations		N	N %
	<b>Total</b>	<b>161</b>	<b>100,0%</b>
<b>To what extent is the quality of the product stable over the period you have known it compared with you expectations of the characteristics of the product (no changes in taste, appearance, etc)?</b>	1: Product varies all time	1	,6%
	2	12	7,5%
	3	36	22,4%
	4	71	44,1%
	5: Always exactly the same.	41	25,5%
	<b>Total</b>	<b>161</b>	<b>100,0%</b>

Figure 9 presents the pie chart of the responses to the question that refers to the extension that the product meets the customer’s needs and requirements. According to this, almost 70% of the participants (112; 69,6%) declare that the product does meet them. Figure 10 is the pie chart referring to the extent that the Nestle’s products meet the customers’ expectations compared to the promises it makes. Over 70% of the participants (118; 73,3%) declare that the product does meet them. Finally, Figure 11 illustrates the responses regarding to the extension that the quality of the product remains stable over the period compared to the expectations. Around 70% of the sample (112; 69,6%) respond that the quality of the product is generally stable over the period compared to their expectations.

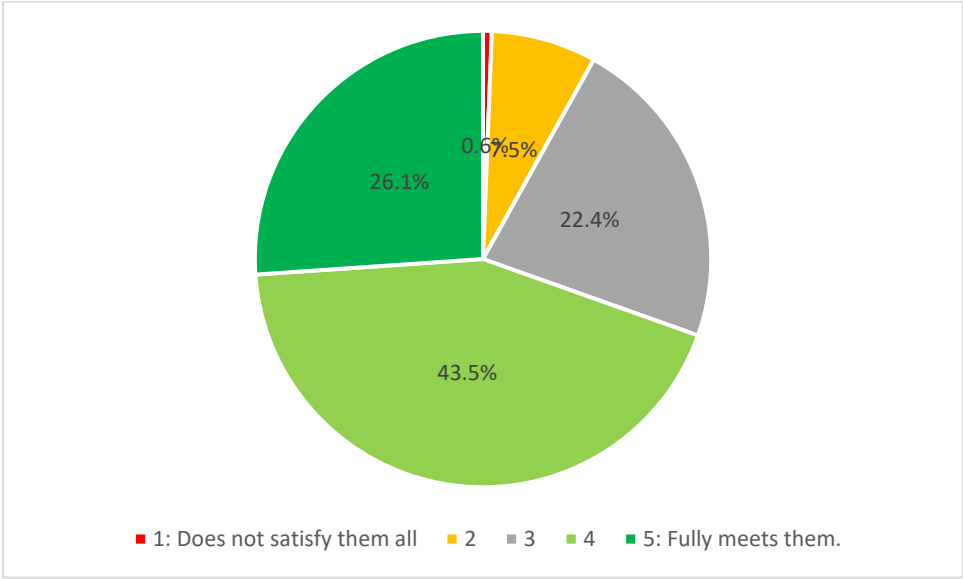


Figure 9. Responses to question "To what extent does the product meet your needs and requirements?"

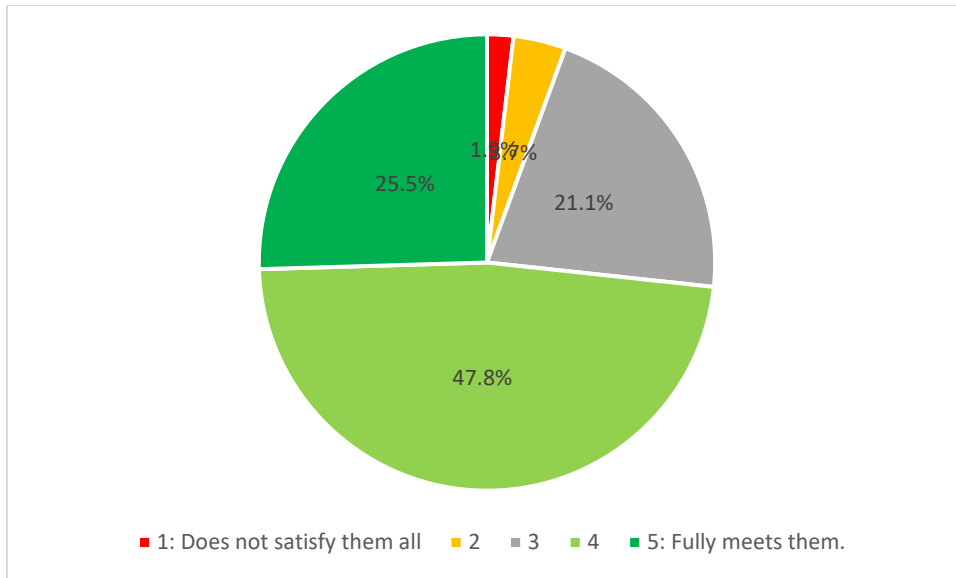


Figure 10. Responses to question "To what extent does the product meet your expectations in comparison with the promises?"

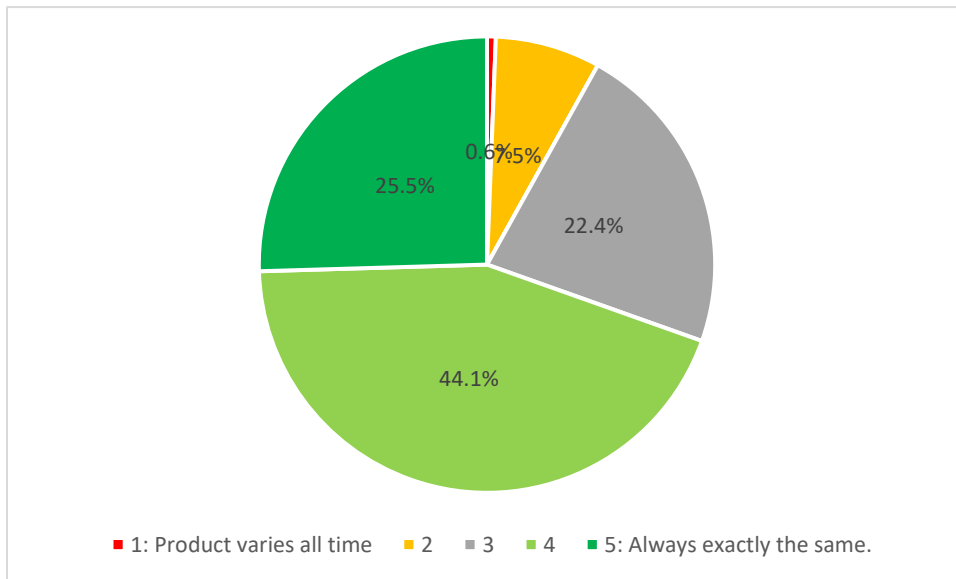


Figure 11. Responses to question "To what extent is the quality of the product stable over the period you have known it compared with you expectations of the characteristics of the product (no changes in taste, appearance, etc)?"

#### 4.2.1.4. Perceived Quality

Table 6 shows the responses of the sample regarding the quality they perceive. In general, the participants perceive high levels of value for the products of Nestle, since the absolute majority of the sample respond the two highest alternative answers.

Table 6. The Dimension of Perceived Quality – Sample Responses

Perceived Quality		N	N %
How do you evaluate the product in comparison with the expectation that you always have before its purchase and consumption?	1: Significantly worse	4	2,5%
	2	3	1,9%
	3	44	27,3%
	4	72	44,7%
	5: Significantly better	38	23,6%
	<b>Total</b>	<b>161</b>	<b>100,0%</b>
How do you assess the quality of the product with regard to its taste?	1: Very low	2	1,2%
	2	7	4,3%
	3	30	18,6%
	4	72	44,7%
	5: Very high	50	31,1%
	<b>Total</b>	<b>161</b>	<b>100,0%</b>
How do you assess the quality of the product with respect to its composition (raw materials, including their origin, content ratio of components, etc.)?	1: Very low	3	1,9%
	2	8	5,0%
	3	39	24,2%
	4	71	44,1%
	5: Very high	40	24,8%
	<b>Total</b>	<b>161</b>	<b>100,0%</b>
How do you assess the quality of the product with respect to its appearance?	1: Very low	1	,6%
	2	9	5,6%
	3	27	16,8%
	4	72	44,7%
	5: Very high	52	32,3%
	<b>Total</b>	<b>161</b>	<b>100,0%</b>
How do you assess the quality of the product with respect to its nutritional value (especially in terms of functionality - energy, health, sweetness, refreshment, etc.)?	1: Very low	2	1,2%
	2	17	10,6%
	3	32	19,9%
	4	73	45,3%
	5: Very high	37	23,0%
	<b>Total</b>	<b>161</b>	<b>100,0%</b>
How do you assess the overall quality (the overall assessment of its taste, composition, nutritional value, freshness, durability, appearance, smell, or packaging, etc.) of the product?	1: Very low	2	1,2%
	2	9	5,6%
	3	28	17,4%
	4	77	47,8%
	5: Very high	45	28,0%
	<b>Total</b>	<b>161</b>	<b>100,0%</b>

Based on Table 6, Figures 12 to 17 present the illustration of the distribution of the responses to the five questions regarding the perceived value of Nestle’s products. According to Figure 12, 110 (68,3%) participants respond that the product is at least better compared to the expectations they had before its purchase and consumption. Respectively, 122 (75,8%) declare that the quality of the product is at least high regarding to its taste as shown in Figure 13. Moreover, the quality of the product with respect to its composition is found to be at least high by 111 (68,9%), according to Figure 14. Similarly, according to Figure 15, 124 (77,0%) participants respond that the product is of at least high quality regarding to its appearance. Correspondingly, 110 (68,3%) declare that the quality of the product is at least high regarding to its nutritional value as shown in Figure 16. Finally, the overall quality of the product is found to be at least high by 122 (75,8%), according to Figure 17.

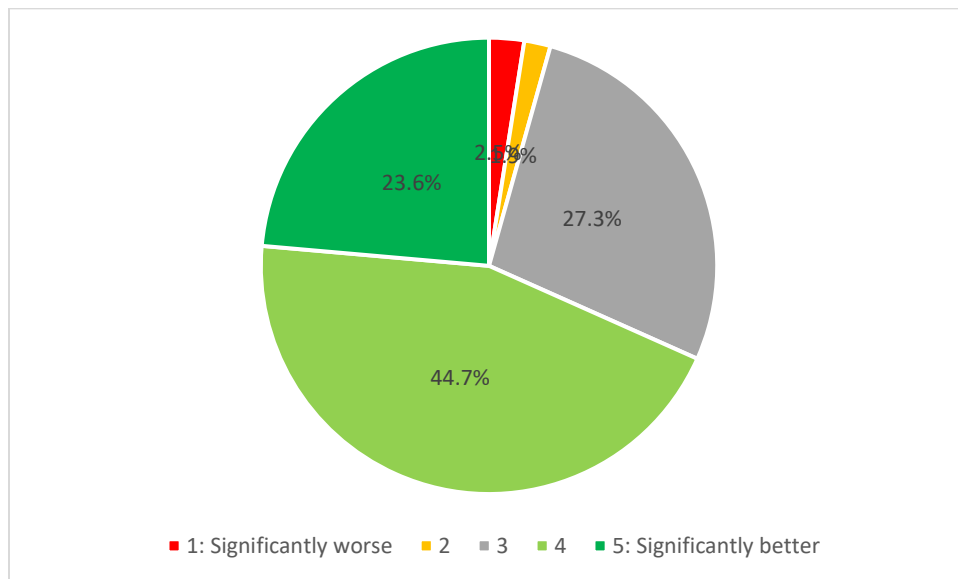


Figure 12. Responses to question “How do you evaluate the product in comparison with the expectation that you always have before its purchase and consumption?”



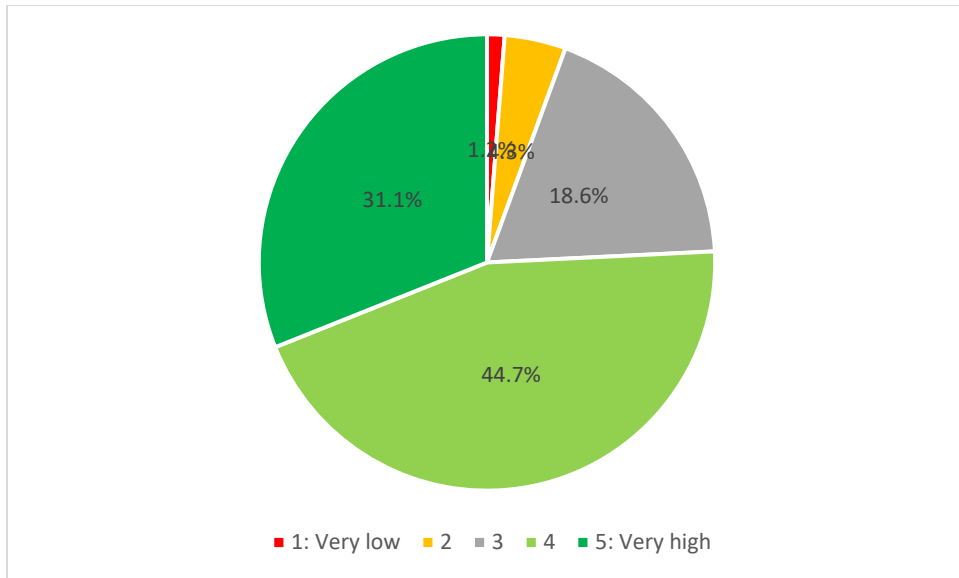


Figure 13. Responses to question "How do you assess the quality of the product with regard to its taste?"

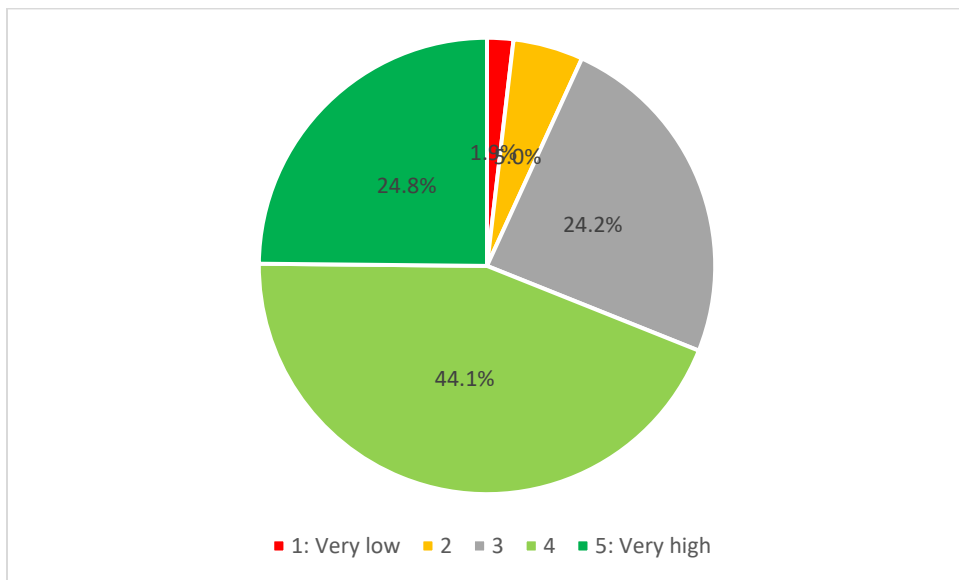


Figure 14. Responses to question "How do you assess the quality of the product with respect to its composition (raw materials, including their origin, content ratio of components, etc.)?"

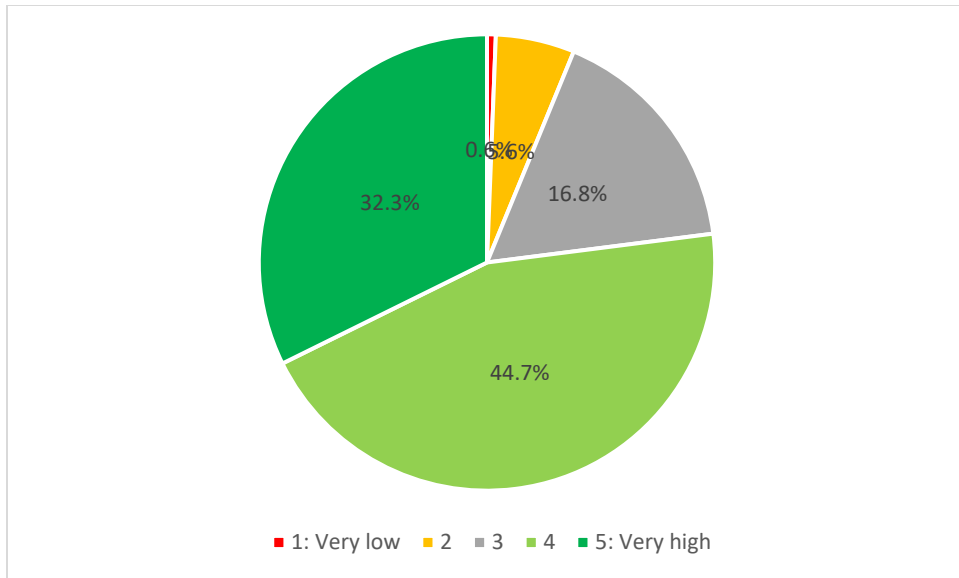


Figure 15. Responses to question “How do you assess the quality of the product with respect to its appearance?”

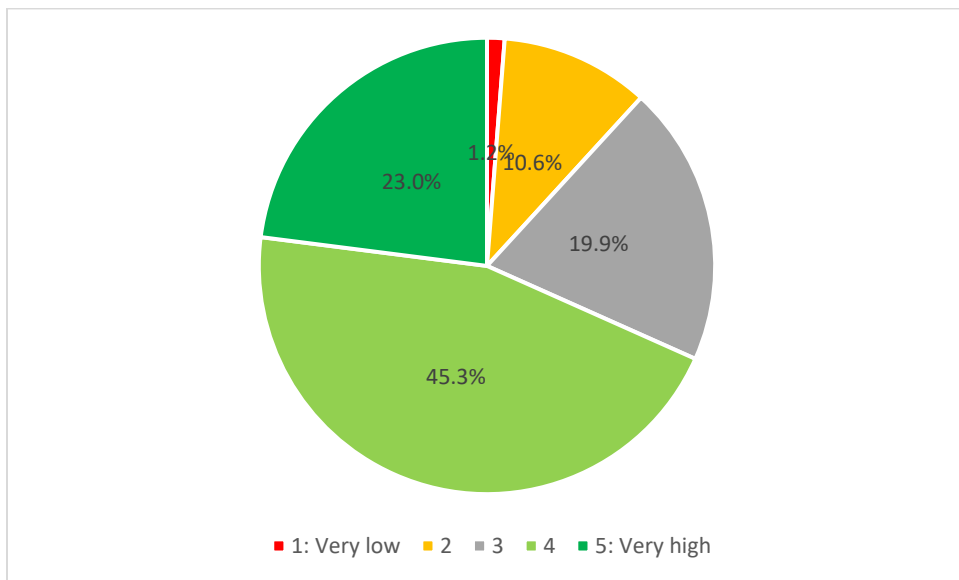


Figure 16. Responses to question “How do you assess the quality of the product with respect to its nutritional value (especially in terms of functionality - energy, health, sweetness, refreshment, etc.)?”

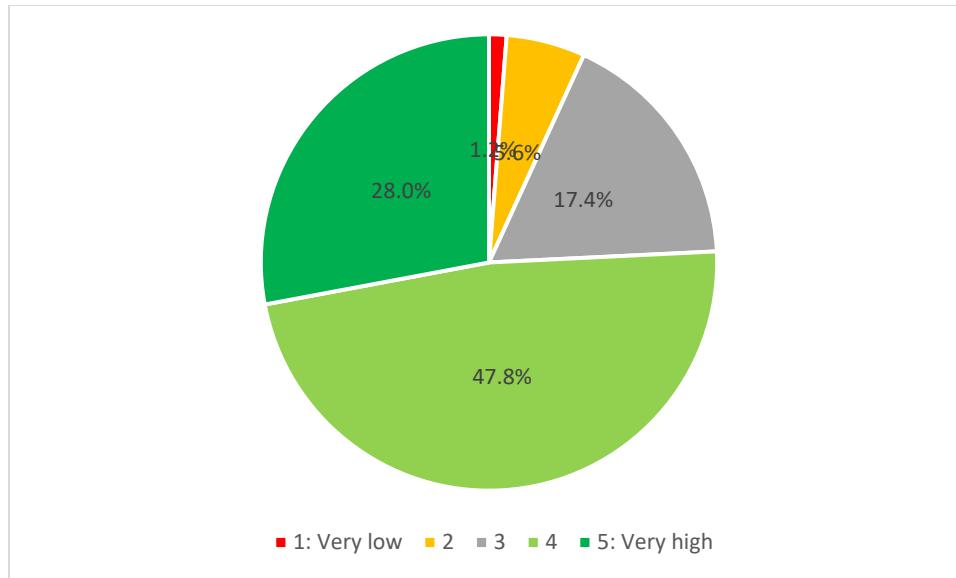


Figure 17. Responses to question “How do you assess the overall quality (the overall assessment of its taste, composition, nutritional value, freshness, durability, appearance, smell, or packaging, etc.) of the product?”

#### 4.2.1.5. Perceived Value

Table 7 displays the participants’ responses of the sample to the questionç that refer to the value the customer perceive from the consumption of Nestle’s products. In general, a high level of perceived value is observed, because the highest levels of the alternative responds (4 and 5) concentrate the vast majority of the sample. Figures 18 to 22 illustrate these responses.

Table 7. The Dimension of Perceived Value – Sample Responses

Perceived Value		N	N %
<b>Compared with the price of the product (the price you usually pay) do you assess its overall quality as:</b>	1: Price significantly higher than its quality	2	1,2%
	2	11	6,8%
	3	45	28,0%
	4	71	44,1%
	5: for its quality it could be significantly more expensive	32	19,9%
	<b>Total</b>	<b>161</b>	<b>100,0%</b>
<b>Compared with the price of the product (the price you usually pay) do you assess the taste, composition, appearance and smell of the product, i.e., the product’s features, as:</b>	1: Price significantly higher than its quality	4	2,5%
	2	11	6,8%
	3	43	26,7%
	4	66	41,0%
	5: for its quality it could be significantly more expensive	37	23,0%

Perceived Value		N	N %
	<b>Total</b>	<b>161</b>	<b>100,0%</b>
<b>Compared with the price of the product (the price you usually pay) do you assess the functionality of the product (i.e., the fulfilling of those functions that you expect from the product) as:</b>	1: Price significantly higher than its quality	3	1,9%
	2	14	8,7%
	3	38	23,6%
	4	80	49,7%
	5: for its quality it could be significantly more expensive	26	16,1%
	<b>Total</b>	<b>161</b>	<b>100,0%</b>
<b>Evaluate the cost of getting the product (in acquiring or 'hunting for it , its storage, disposal and price) in comparison with its durability, expiry date, use, freshness:</b>	1: The costs are significantly higher	3	1,9%
	2	11	6,8%
	3	40	24,8%
	4	78	48,4%
	5: Durability, expiry date, etc. is significantly higher	29	18,0%
	<b>Total</b>	<b>161</b>	<b>100,0%</b>
<b>Evaluate the overall quality of the product, i.e., the features and functionality in comparison with the overall costs of the product (including product price, storage costs, disposal, time-related costs)</b>	1: The costs are significantly higher	0	0,0%
	2	12	7,5%
	3	46	28,6%
	4	69	42,9%
	5: Durability, expiry date, etc. is significantly higher	34	21,1%
	<b>Total</b>	<b>161</b>	<b>100,0%</b>

Figure 18 presents the pie chart of the responses to the question that refers to the relation between the overall quality of the product and its price. According to it, almost 65% of the participants (103; 64,0%) declare that the product could be more expensive for its quality. Figure 19 is the pie chart referring to the relation between the product's price and some of its features such as taste, composition and appearance. Around 65% of the participants (103; 64,0%) declare that the price could be higher given these features. The relation between the product's price and the level of its functionality is illustrated by Figure 20 and shows that over 65% of the sample (106; 65,8%) believe that the level of functionality could justify higher price. The respective relationship between the intangible cost of purchasing the product and some of its features such as durability and freshness is examined in Figure 21. It shows that over 65% of the sample (107; 66,5%) believe that these features justify the cost that they have to pay. Finally, the relationship between the overall cost of purchasing the product (tangible and intangible) and its quality is examined in Figure 22. It shows that almost 65% of the sample (103; 64,0%) believe that the quality justifies the overall cost that they have to pay.

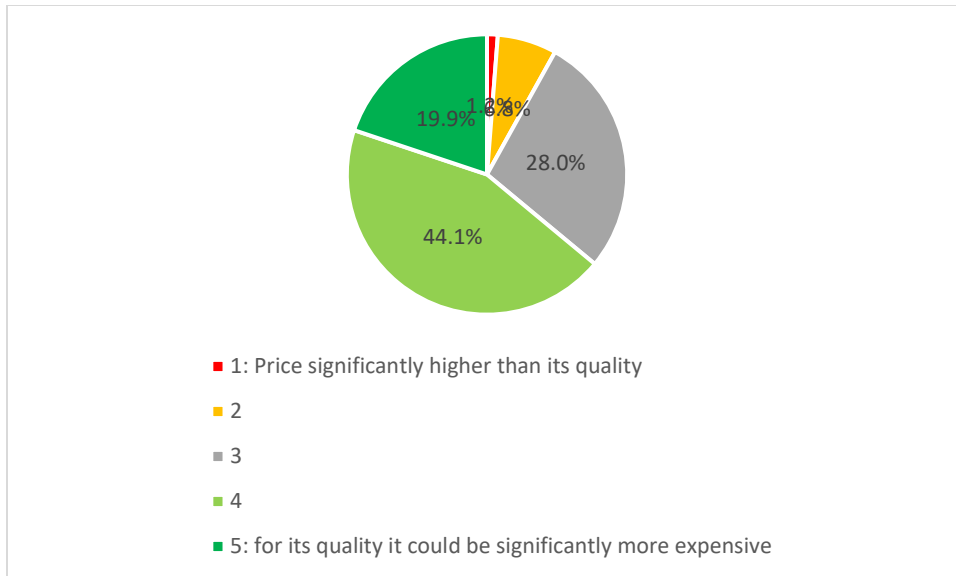


Figure 18. Responses to question “Compared with the price of the product (the price you usually pay) do you assess its overall quality as:”

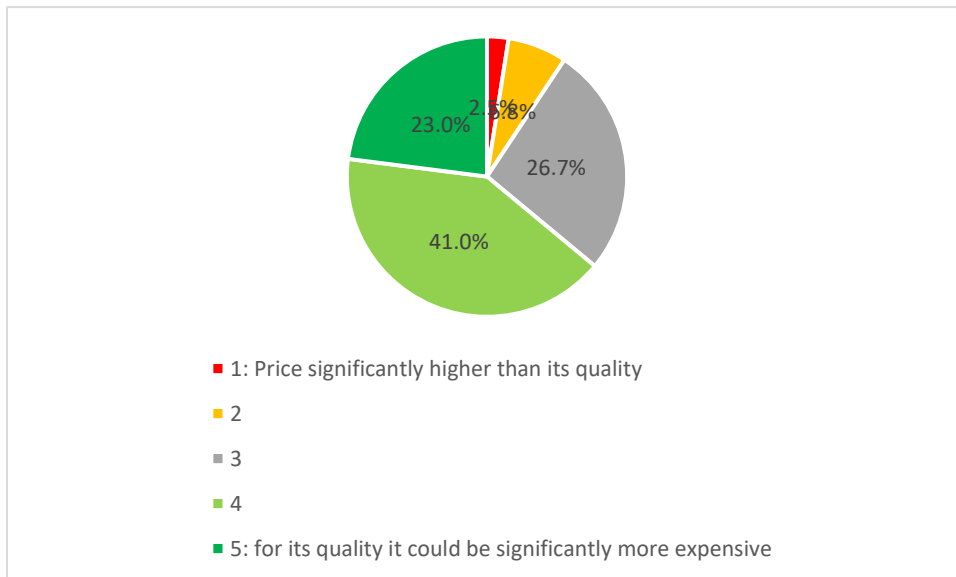


Figure 19. Responses to question “Compared with the price of the product (the price you usually pay) do you assess the taste, composition, appearance and smell of the product, i.e., the product's features, as:”

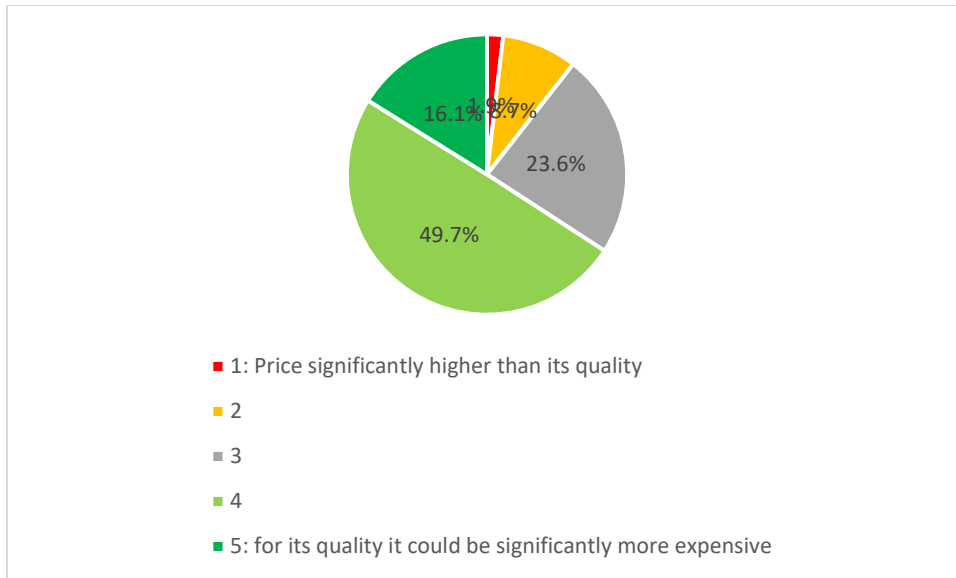


Figure 20. Responses to question “Compared with the price of the product (the price you usually pay) do you assess the functionality of the product (i.e., the fulfilling of those functions that you expect from the product) as: ”

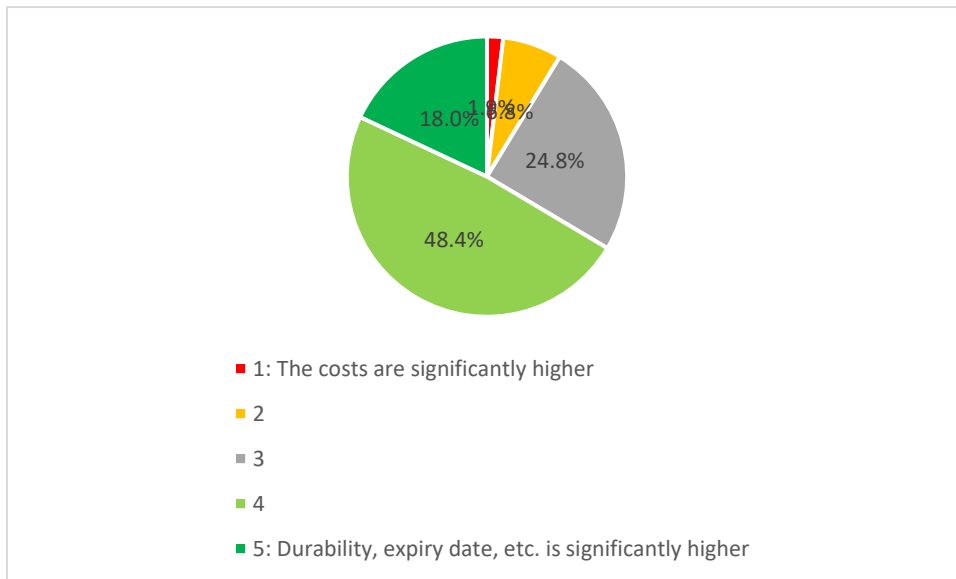


Figure 21. Responses to question “Evaluate the cost of getting the product (in acquiring or ‘hunting for it , its storage, disposal and price) in comparison with its durability, expiry date, use, freshness:”

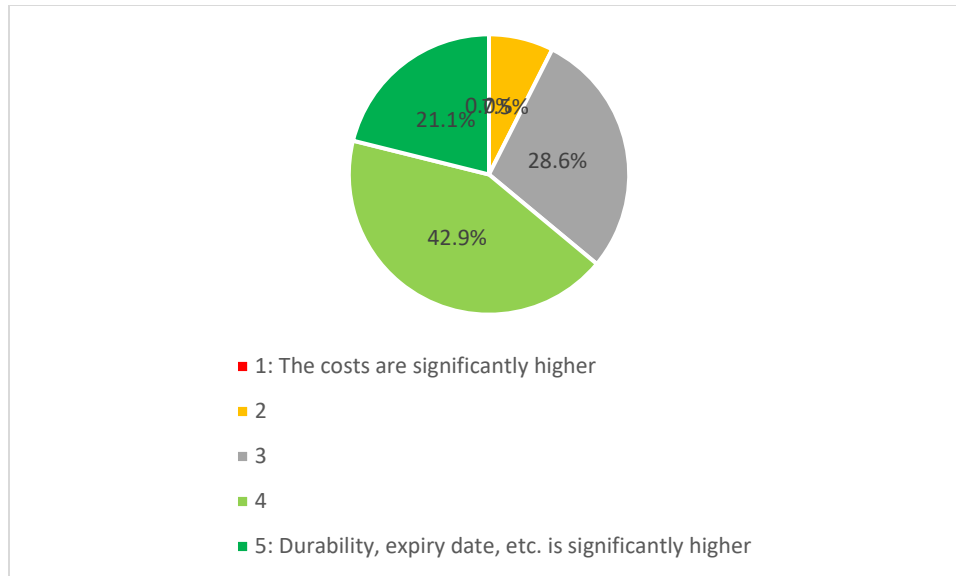


Figure 22. Responses to question “Evaluate the overall quality of the product, i.e., the features and functionality in comparison with the overall costs of the product (including product price, storage costs, disposal, time-related costs)”

#### 4.2.1.6. Customer Satisfaction

Table 8 shows the responses of the sample to the questions that refer to the satisfaction they achieve by the purchase and the consumption of Nestle’s products. In general, the participants seem to be adequately satisfied, since almost the absolute majority of the sample respond the two highest alternative answers.

Table 8. The Dimension of Customer Satisfaction – Sample Responses

Customer Satisfaction		N	N %
<b>How generally satisfied are you with the product?</b>	1: Not at all	1	,6%
	2	7	4,3%
	3	26	16,1%
	4	81	50,3%
	5: Completely	46	28,6%
	<b>Total</b>	<b>161</b>	<b>100,0%</b>
<b>How much does your overall satisfaction with the product correspond with your expectations (the expected satisfaction)?</b>	1: Not at all	2	1,2%
	2	9	5,6%
	3	32	19,9%
	4	72	44,7%
	5: Completely	46	28,6%
	<b>Total</b>	<b>161</b>	<b>100,0%</b>
	1: Not at all	3	1,9%

Customer Satisfaction		N	N %
What is your overall satisfaction with the evaluated product compared to the ideal product?	2	9	5,6%
	3	31	19,3%
	4	76	47,2%
	5: Completely	42	26,1%
	<b>Total</b>	<b>161</b>	<b>100,0%</b>

Based on Table 8, Figures 23 to 25 present the illustration of the distribution of the responses to the three questions regarding the satisfaction that Nestle’s products offer to the participants. It is worth mentioning that almost three out of four customers are at least satisfied. Particularly, according to Figure 23, 127 (78,9%) participants respond satisfied with the product. Respectively, 118 (73,3%) declare that the level of their satisfaction is in line with their expectations, as shown in Figure 24. Lastly, the satisfaction the participants get is similar to the satisfaction that they would get from an ideal product, as stated by 118 (73,3%), according to Figure 25.

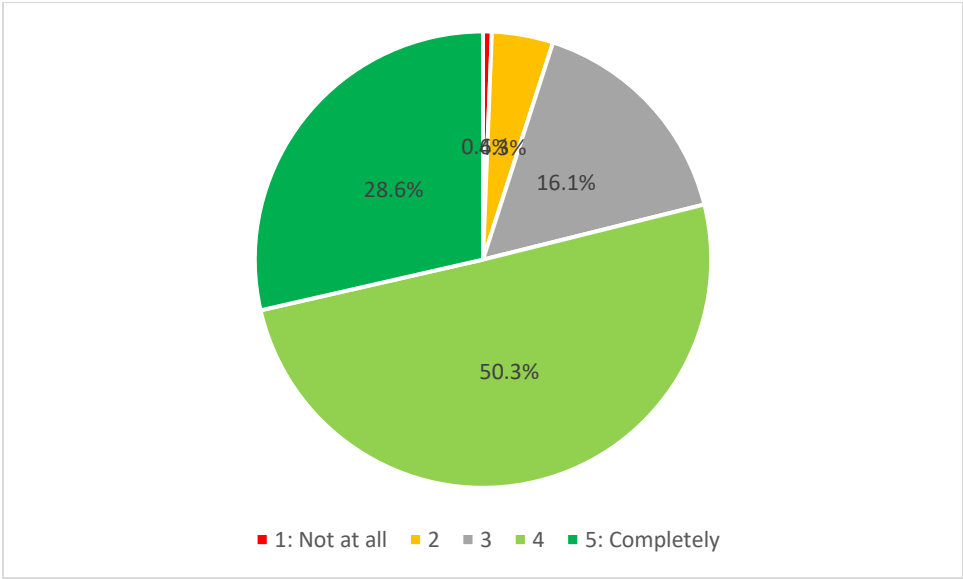


Figure 23. Responses to question “How generally satisfied are you with the product?”



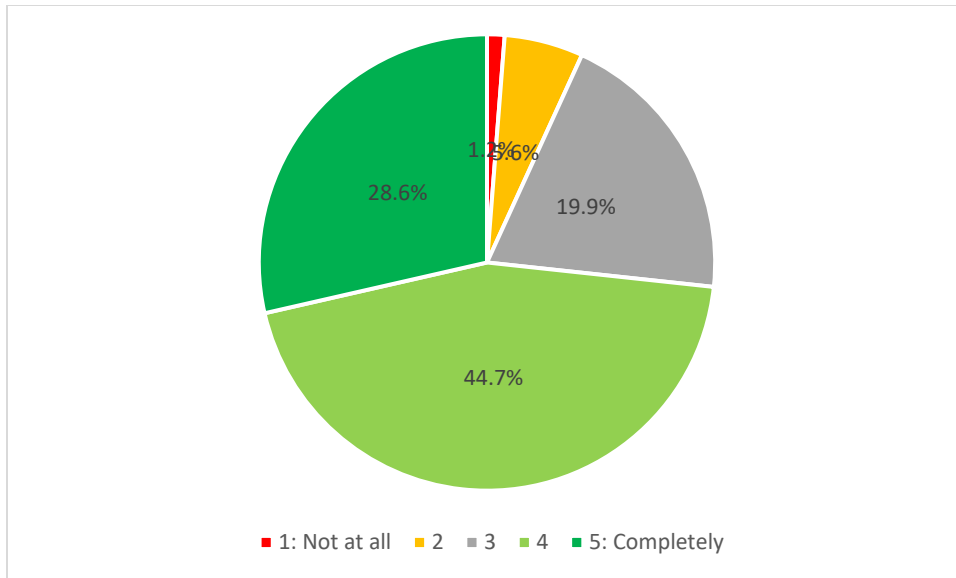


Figure 24. Responses to question "How much does your overall satisfaction with the product correspond with your expectations (the expected satisfaction)?"

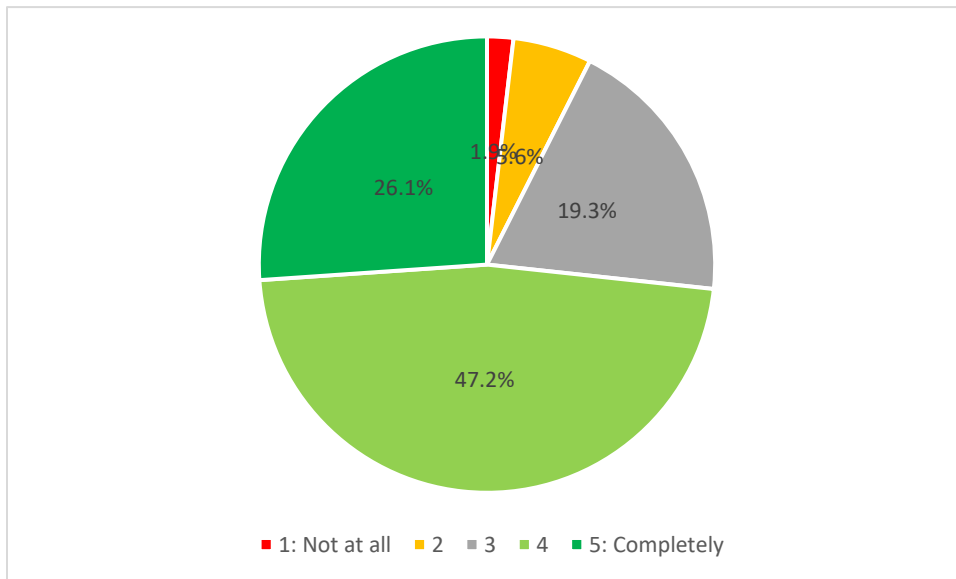


Figure 25. Responses to question "What is your overall satisfaction with the evaluated product compared to the ideal product?"

#### 4.2.1.7. Customer Loyalty

Table 9 displays the participants' responses of the sample to the four questions that refer to the customers' loyalty. In general, a high level of loyalty is observed, since the highest levels of the

alternative responds (4 and 5) concentrate the vast majority of the sample. However, it is worth mentioning that the level of loyalty seems to be lower than the level of satisfaction. Figures 26 to 29 illustrate the loyalty responses.

Table 9. The Dimension of Customer Loyalty – Sample Responses

Customer Loyalty		N	N %
<b>How often do you buy a similar product from another manufacturer?</b>	1: Often	8	5,0%
	2	17	10,6%
	3	43	26,7%
	4	61	37,9%
	5: Never	32	19,9%
	<b>Total</b>	<b>161</b>	<b>100,0%</b>
<b>If there are several very similar products on offer, at a very similar price, do you always choose the evaluated product?</b>	1: Certainly not	8	5,0%
	2	16	9,9%
	3	40	24,8%
	4	56	34,8%
	5: Definitely yes	41	25,5%
	<b>Total</b>	<b>161</b>	<b>100,0%</b>
<b>If the price of the product increased (by up to 50% of the current price), would the amount/number of the product you purchase be likely to:</b>	1: Significantly decrease	16	9,9%
	2	21	13,0%
	3	36	22,4%
	4	53	32,9%
	5: Remain the same	35	21,7%
	<b>Total</b>	<b>161</b>	<b>100,0%</b>
<b>Do you or would you recommend the product to your friends, family or other customers?</b>	1: Certainly not	4	2,5%
	2	17	10,6%
	3	30	18,6%
	4	60	37,3%
	5: Definitely yes	50	31,1%
	<b>Total</b>	<b>161</b>	<b>100,0%</b>

Figure 26 presents the pie chart of the responses to the question that refers to the frequency that the participants buy a competitor's similar product. According to it, almost 60% of the participants (93; 57,8%) declare that they rarely act in this way. Figure 27 is the pie chart referring to the probability that the customers decide not to buy Nestle's products due to the existence of similar products at a very similar price. Over 60% of the participants (97; 60,2%) declare that in this case they prefer Nestle's products. Respectively, Figure 28 illustrates the responses regarding to the participants' reaction to an 50% increase of product's price. Around 55% of the sample (88; 54,7%) respond that they would not change their behavior. Finally, almost 70% (110; 68,3%) state

that would recommend the product to their friend, family or other customers, according to Figure 29.

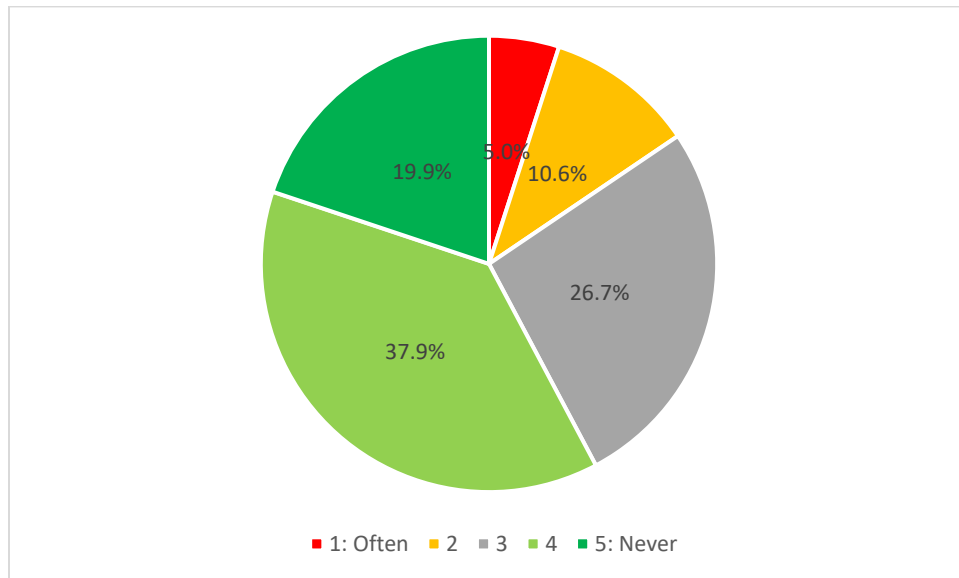


Figure 26. Responses to question “How often do you buy a similar product from another manufacturer?”

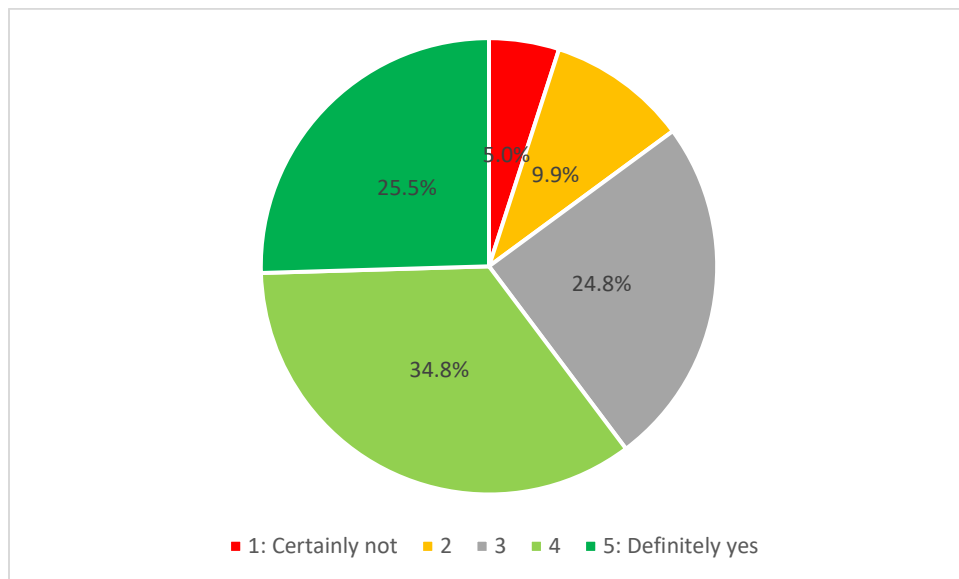


Figure 27. Responses to question “If there are several very similar products on offer, at a very similar price, do you always choose the evaluated product?”

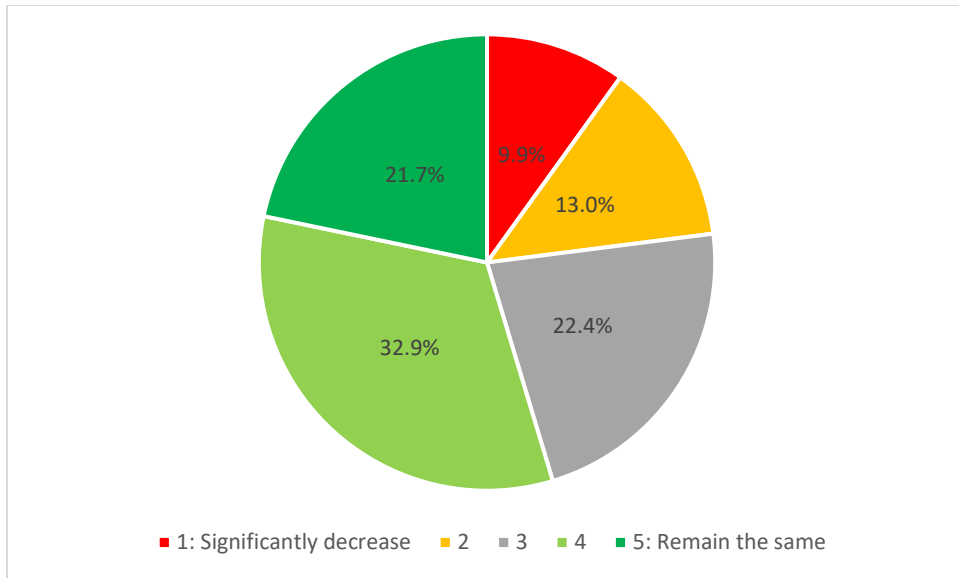


Figure 28. Responses to question “If the price of the product increased (by up to 50% of the current price), would the amount/number of the product you purchase be likely to:”

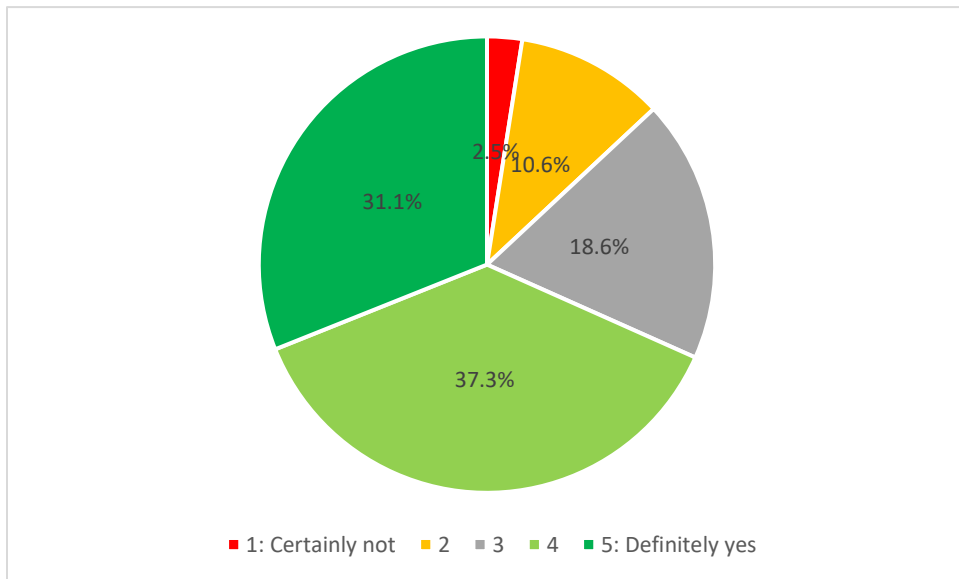


Figure 29. Responses to question “Do you or would you recommend the product to your friends, family or other customers?”

#### 4.2.2. Variables: Description and Investigation

As mentioned above, the questions of each section form a reliable scale of satisfactory internal consistency, according to Cronbach's Alpha that were presented in Table 1. This allowed the computation of one variable for each section as the arithmetic mean of the respective questions. The higher the variables' value, the higher the level of the dimension.

Table 10. Descriptive Statistics – Kolmogorov-Smirnov test of Normality and Friedman's test for the Research Quantitative Variables

	$\bar{x}$	s	Q <sub>1</sub>	M	Q <sub>3</sub>	Kolmogorov-Smirnov		Friedman		
						Z	p-value	Mean Rank	$\chi^2$	p-value
Product Knowledge	3,84	1,01	3,00	4,00	5,00	3,60	0,00	3,60	33,78	0,00
Competitiveness	3,81	0,73	3,33	4,00	4,33	1,77	0,00	1,77		
Customer Expectations	3,87	0,72	3,25	4,00	4,25	1,71	0,01	1,71		
Perceived Quality	3,92	0,68	3,40	4,00	4,40	1,20	0,11	1,20		
Perceived Value	3,74	0,71	3,20	3,80	4,20	1,32	0,06	1,32		
Customer Satisfaction	3,95	0,74	3,33	4,00	4,67	1,78	0,00	1,78		
Customer Loyalty	3,63	0,92	3,00	3,75	4,25	1,33	0,06	1,33		

Note 1. The null hypothesis of Normal Distribution is not accepted at \* 10% \*\* 5% \*\*\* 1% level of significance

Note 2.  $\bar{x}$ , s, Q<sub>1</sub>, M, and Q<sub>3</sub> stand for arithmetic mean, standard deviation, 1<sup>st</sup> quartile, median and 3<sup>rd</sup> quartile respectively

According to Table 10, the dimension of product knowledge lies in relatively high levels. Its arithmetic mean is equal to 3,84 ( $\pm 1,01$ ). The 25%, 50% and 75% of the observations are lower than 3,00, 4,00 and 5,00 respectively, according to 1<sup>st</sup> quartile, median and 3<sup>rd</sup> quartile. The hypothesis of normal distribution is not accepted at a 1% level of statistical significance ( $Z=3,60$ ,  $p=0,00<0,01=a$ ). Similarly, competitiveness of the product is perceived to be high. On average, competitiveness is equal to 3,81 ( $\pm 0,73$ ). Around 75% of the responses are higher than 3,33, while 50% are higher than 4,00 and 25% higher than 4,33. Competitiveness is not normally distributed, too, since the relative assumption is also rejected at a 1% level of statistical significance ( $Z=1,77$ ,  $p=0,00<0,01=a$ ). The dimension of customer expectations lies in relatively higher levels than the ones of the previous dimensions. Its arithmetic mean is equal to 3,87 ( $\pm 0,72$ ). The 25%, 50% and 75% of the observations are lower than 3,25, 4 and 4,25 respectively, according to 1<sup>st</sup> quartile, median and 3<sup>rd</sup> quartile. The hypothesis of normal distribution is not accepted at a 1% level of statistical significance ( $Z=1,71$ ,  $p=0,00<0,01=a$ ). Similarly, perceived quality of the product is

perceived to be even higher. On average, perceived quality is equal to 3,92 ( $\pm 0,68$ ). Around 75% of the responses are higher than 3,40, while 50% are higher than 4,00 and 25% higher than 4,40. Contrariwise to previous dimensions, perceived quality is normally distributed ( $Z=1,20$ ,  $p=0,11 > 0,10 = \alpha$ ). Moreover, the dimension of perceived value lies in relatively high levels. Its arithmetic mean is equal to 3,74 ( $\pm 0,71$ ). The 25%, 50% and 75% of the observations are lower than 3,20, 3,80 and 4,20 respectively, according to 1<sup>st</sup> quartile, median and 3<sup>rd</sup> quartile. The hypothesis of normal distribution is not accepted at a 10% level of statistical significance ( $Z=1,32$ ,  $p=0,06 < 0,10 = \alpha$ ). Similarly, customer satisfaction seems to be at the highest level compared to previous dimension. On average, competitiveness is equal to 3,94 ( $\pm 0,74$ ). Around 75% of the responses are higher than 3,33, while 50% are higher than 4,00 and 25% higher than 4,67. Customer satisfaction is not normally distributed, too, since the relative assumption is also rejected at a 1% level of statistical significance ( $Z=1,78$ ,  $p=0,00 < 0,01 = \alpha$ ). Finally, the dimension of customer loyalty lies in relatively high levels. Its arithmetic mean is equal to 3,63 ( $\pm 0,92$ ). The 25%, 50% and 75% of the observations are lower than 3,00, 3,75 and 4,25 respectively, according to 1<sup>st</sup> quartile, median and 3<sup>rd</sup> quartile. The hypothesis of normal distribution is not accepted at a 10% level of statistical significance ( $Z=1,33$ ,  $p=0,06 < 0,10 = \alpha$ ). The above results are illustrated in Figure 30.

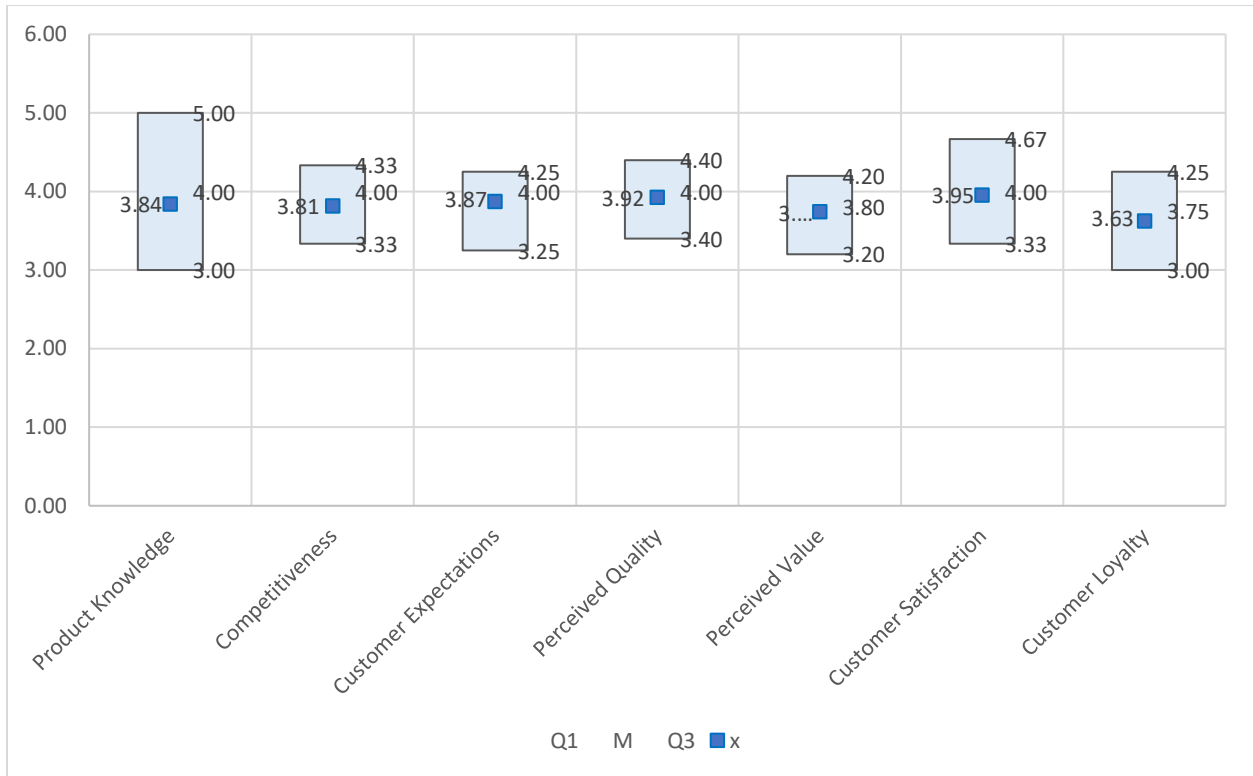


Figure 30. Descriptive Statistics (arithmetic mean, 1<sup>st</sup> quartile, median, 3<sup>rd</sup> Quartile) for the Research Quantitative Variables

According to Figure 30, differentiations among the levels of the variables are observed. These differentiations are also confirmed by the non-parametric Friedman's test, the results of which rejects the null hypothesis of no differences in distributions at a 1% level of significance ( $\chi^2=33,78$ ,  $p=0,00<0,01=\alpha$ ). Given the existence of differences, the Figure illustrates a higher level of customer satisfaction compared to the level of customers loyalty.

#### 4.2.3. Investigation of the Determinants of Customer Satisfaction and Customer Loyalty

In the present section, the factors that may influence the level of customer satisfaction and customer loyalty are investigated. First, the impact of demographic characteristics are investigated and, then, the effect of the other quantitative variables of the questionnaire is examined.

Table 11 presents the results of Mann-Whitney test about the impact of gender on Nestle's customer satisfaction ( $z=-0,50, p=0,62>0,10=a$ ) and customer loyalty ( $z=-1,10, p=0,27>0,10=a$ ). According to this table, no impact is observed.

Table 11. Sex – Impact on Customer Satisfaction and Customer Loyalty

			Mann - Whitney		
		N	Mean Rank	Z	p-value
Customer Satisfaction	Male	92	82,57	-0,50	0,62
	Female	69	78,91		
	Total	161			
Customer Loyalty	Male	92	77,53	-1,10	0,27
	Female	69	85,63		
	Total	161			

Note. The null hypothesis of no differences among the groups is not accepted at \* 10% \*\* 5% \*\*\* 1% level of significance

Respectively, Table 12 investigates the effect of a customer's age on his/her satisfaction and loyalty. The investigation is conducted using Kruskal – Wallis test, because age groups are more than two. The results indicate no effect of age on both customer satisfaction ( $\chi^2=6,25, p=0,18>0,10=a$ ) and customer loyalty ( $\chi^2=5,56, p=0,23>0,10=a$ ).

Table 12. Age – Impact on Customer Satisfaction and Customer Loyalty

			Kruskal - Wallis		
		N	Mean Rank	$\chi^2$	p-value
Customer Satisfaction	Under 30	43	93,53	6,25	0,18
	31-40	26	76,31		
	41-50	54	77,69		
	51-60	31	70,02		
	Over 60	7	95,57		
	Total	161			
Customer Loyalty	Under 30	43	90,19	5,56	0,23
	31-40	26	82,60		
	41-50	54	74,94		
	51-60	31	72,16		
	Total	161			



	Over 60	7	104,50
	Total	161	

Note. The null hypothesis of no differences among the groups is not accepted at \* 10% \*\* 5%  
\*\*\* 1% level of significance

The effect of work position on Nestle’s customer satisfaction and loyalty is the subject of Table 13. Again, since work position groups are three, Kruskal – Wallis tests are conducted. The results indicate statistically significant effects of work position on customer satisfaction at a 1% level of significance ( $\chi^2=12,31, p=0,00<0,01=a$ ) and customer loyalty at a 10% level of significance ( $\chi^2=5,81, p=0,05<0,10=a$ ). In both cases, unemployed / retired participants seem to be at most satisfied (*Mean Rank* = 98,25) and loyal (*Mean Rank* = 101,92), followed by employees (*Mean Rank* = 86,35; *Mean Rank* = 83,07) and the significantly lower levels of entrepreneurs (*Mean Rank* = 57,67; *Mean Rank* = 67,10)

Table 13. Current Work Position – Impact on Customer Satisfaction and Customer Loyalty

		Kruskal - Wallis			
		N	Mean Rank	$\chi^2$	p-value
Customer Satisfaction	Employee	114	86,35	12,31 ***	0,00
	Entrepreneur	35	57,67		
	Unemployed/Retired	12	98,25		
	Total	161			
Customer Loyalty	Employee	114	83,07	5,81 *	0,05
	Entrepreneur	35	67,10		
	Unemployed/Retired	12	101,92		
	Total	161			

Note. The null hypothesis of no differences among the groups is not accepted at \* 10% \*\* 5%  
\*\*\* 1% level of significance

The above differentiations among the work position groups is illustrated in Figure 31.

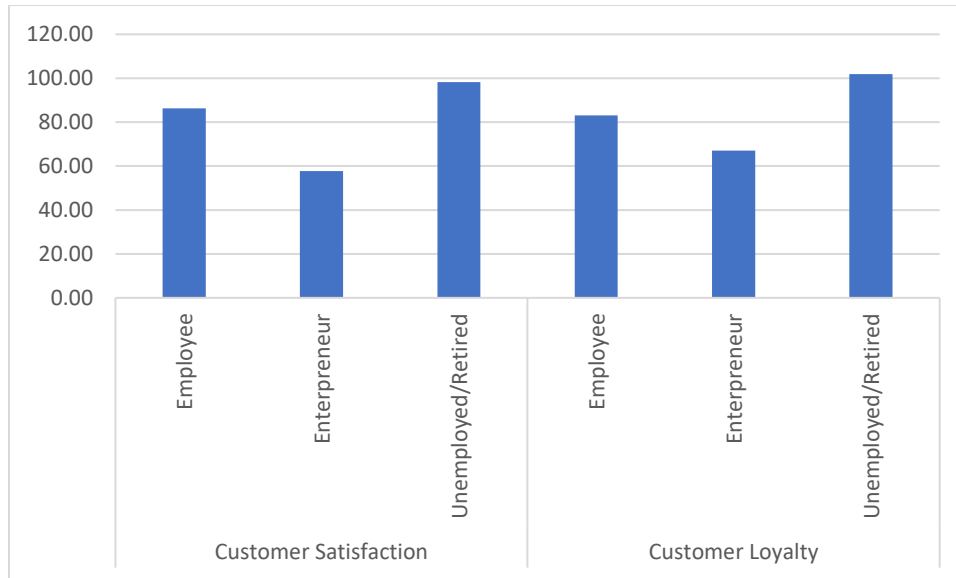


Figure 31. Mean Ranks (Kruskal-Wallis Test) of Customer Satisfaction and Customer Loyalty among work groups

The last demographic characteristic is educational level. Particularly, Table 14 investigates its effect on a customer's satisfaction and loyalty. The investigation is conducted using Kruskal – Wallis test, because educational groups are more than two. The results indicate no effect of age on both customer satisfaction ( $\chi^2=5,59$ ,  $p=0,13>0,10=a$ ) and customer loyalty ( $\chi^2=5,72$ ,  $p=0,13>0,10=a$ ).

Table 14. Educational Level – Impact on Customer Satisfaction and Customer Loyalty

				Kruskal - Wallis	
		N	Mean Rank	$\chi^2$	p-value
Customer Satisfaction	High School	13	99,04	5,59	0,13
	Technological Institution	16	80,69		
	University	80	85,19		
	Master or Ph.D	52	70,14		
	Total	161			
Customer Loyalty	High School	13	88,15	5,72	0,13
	Technological Institution	16	62,88		
	University	80	87,97		
	Master or Ph.D	52	74,07		
	Total	161			

Note. The null hypothesis of no differences among the groups is not accepted at \* 10% \*\* 5% \*\*\* 1% level of significance

Finally, Table 15 shows the Spearman's Correlation Coefficient Matrix among all the dimensions / variables of the questionnaire. Customer satisfaction seems to correlate to all examined dimensions statistically significantly and positively. Particularly, a weak correlation is observed between customer satisfaction and product knowledge ( $r_s=0,39$ ,  $p=0,00<0,01=a$ ), while the correlation between customer satisfaction and competitiveness is moderate ( $r_s=0,53$ ,  $p=0,00<0,01=a$ ), and strong between customer satisfaction, on the one hand, and, on the other hand, customer expectations ( $r_s=0,63$ ,  $p=0,00<0,01=a$ ), perceived quality ( $r_s=0,62$ ,  $p=0,00<0,01=a$ ) and perceived value ( $r_s=0,75$ ,  $p=0,00<0,01=a$ ). Respectively, customer loyalty correlates to all examined dimension in a statistically significant and positive way. Specifically, the correlations with product knowledge is weak ( $r_s=0,32$ ,  $p=0,00<0,01=a$ ), with competitiveness ( $r_s=0,53$ ,  $p=0,00<0,01=a$ ), customer expectations ( $r_s=0,51$ ,  $p=0,00<0,01=a$ ) and perceived quality ( $r_s=0,57$ ,  $p=0,00<0,01=a$ ) are moderate, and with perceived value ( $r_s=0,73$ ,  $p=0,00<0,01=a$ ) is strong. Moreover, the correlation between customer satisfaction and customer loyalty is statistically significant positive and moderate ( $r_s=0,63$ ,  $p=0,00<0,01=a$ ). Finally, it is worth mentioning that there are statistically significant and positive correlations of weak and moderate tensions among the rest of the dimensions (product knowledge, competitiveness, customer expectations, perceived quality and perceived value).

Table 15. Spearman Correlation Coefficient Matrix

		PK	C	CE	PQ	PV	CS	CL
<b>Product Knowledge (PK)</b>	Correlation	1,00	0,46***	0,51***	0,55***	0,47***	0,39***	0,32***
	p-value		0,00	0,00	0,00	0,00	0,00	0,00
<b>Competitiveness (C)</b>	Correlation		1,00	0,68***	0,66***	0,61***	0,53***	0,53***
	p-value			0,00	0,00	0,00	0,00	0,00
<b>Customer Expectations (CE)</b>	Correlation			1,00	0,67***	0,64***	0,63***	0,51***
	p-value				0,00	0,00	0,00	0,00
<b>Perceived Quality (PQ)</b>	Correlation				1,00	0,69***	0,62***	0,57***
	p-value					0,00	0,00	0,00
<b>Perceived Value (PV)</b>	Correlation					1,00	0,75***	0,73***
	p-value						0,00	0,00
<b>Customer Satisfaction (CS)</b>	Correlation						1,00	0,63***
	p-value							0,00
<b>Customer Loyalty (CL)</b>	Correlation							1,00
	p-value							

Note 1. The null hypothesis of no statistical significant correlation between the variables is not accepted at \* 10% \*\* 5% \*\*\* 1% level of significance

### 4.3. Discussion

The above statistical analysis provides various interesting conclusions, some of which correspond to the stated research questions. In this section, an attempt to propose these answers is made and correlated them with the existing literature. It is reminded that the four research questions were formed in the following way:

*Research Question 1: Are Nestle's customers satisfied?*

*Research Question 2: Are Nestle's customers loyal?*

*Research Question 3: What are the factors that may influence customer satisfaction for Nestle?*

*Research Question 3: What are the factors that may influence customer loyalty for Nestle?*

Regarding the first two questions, Nestle's customers seem to be generally satisfied by and loyal to the firm's products. Particularly, at least 7 out of 10 customers express adequately high levels of satisfaction, while more than 5 out of 10 customers seem to be at least loyal. The satisfaction level originates from the total quality of the products (78,9%), the fulfillment of customers' expectations (73,3%) and the products' low deviation from the ideal product (73,3%). On the other hand, the loyalty originates from the rare purchase of competitors' products at different (57,8%) or at the same price (60,2%), the weak reaction to a high price increase (54,7%) and the high recommendation intention (68,3%). However, it is worth mentioning that the level of loyalty is significantly lower than the level of satisfaction, as shown both by the above percents as well as the descriptive statistics of the relative quantitative variables.

The above facts are of high importance for the competitiveness of Nestle. In a very competitive market, such as the UK food market, Nestle seems to efficiently and effectively applies relationship marketing to retain the level of customers' satisfaction and loyalty. These two factors are the core factors for a firm to retain or even increase its market power and its market share (Guo & Qin, 2017; Armstrong, 2009). Without them, the firm's revenues and profits are not expected to flourish and grow in the long-term (Kleinaltenkamp et. al., 2015; Reinartz and Kumar, 2003; Thakur et al., 2005; Cavallone, 2017).

Regarding the last two questions, demographic factors and other parameters of relationship marketing are examined. Out of four demographic factors, only one seems to affect in a statistically significant way the level of satisfaction and loyalty of the customers. This factor was the current work position. Particularly, retired and unemployed workers as well as employees seem to be more satisfied and more loyal than entrepreneurs. Referring to the other relationship marketing dimensions, all the examined dimensions seem to affect loyalty and satisfaction in a positive way of weak to strong tension confirming the existing literature (Khedkar, 2015; Hougaard and Bjerre, 2009; Mahmoud et. al., 2018; Rizan et al., 2014; Khan et al., 2020; Sachanek & Kralova, 2019). However, there is research that oppose the above generally accepted conclusion (Leverin and Liljander, 2006). Moreover, all the examined dimensions are positively correlated, a fact that has been also spotted by literature review (Westbrook & Oliver, 1991; Siomkos, 2014) and confirms that customer relationships management provides insights into customer expectations, helps the company find out how to manage its customers, contributes to relationship building with its customers, leads to a more customer focused approach, and finally helps the company understand its customers' needs (Khedkar, 2015). Finally, a moderate positive correlation between loyalty and satisfaction is provided by the present analysis that is in line with previous researches (Turyilmaz & Ozkan, 2007; Tzempelikos & Gounaris, 2015; Sachanek & Kralova, 2019).

## Chapter 5: Conclusions

### 5.1. Main Findings

Currently, customer relationship management has been one of the most critical management systems, since it allows the long-term maintenance and enhancement of customers. In this way, firm's revenues are improved and profits are strengthened reinforcing firm's profitability. Customer Relationship Management may be defined as an ongoing process of creating value for specific customers and obtaining benefits from this ongoing and long-term process on both sides, both the business side and the customer side. The effective and efficient application of Customer Relationship Management is much more crucial in case of highly competitive sectors, since it is claimed that it contributes to customer satisfaction by providing value to the customer as well as to the business and, doing so, increases the customers' loyalty.

Customers satisfaction and loyalty in the context of customer relationship marketing and in a very competitive market constituted the subject of the present study. Particularly, the effect of Customer Relationship Management on customers satisfaction and loyalty was examined in the case of the UK food market and, specifically, in the case of Nestle products in UK. To do so, the questionnaire of Suchánek and Králová (2019) was used and distributed using the simple random distribution sampling method. 161 participants – consumers of Nestle products were in the final sample. Their responses were analyzed using various statistical techniques. First, the raw data were described using frequency tables. Second, variables were formed as the arithmetic mean of the corresponding questions and, because of the absence of normality, non-parametric tests of Mann-Whitney, Kruskal-Wallis and Spearman Correlation Analysis were applied. The results were kind of interesting.

First, the customers of Nestle in UK market are particularly satisfied and loyal. However, the level of their satisfaction is higher than their commitment level. This provides Nestle with a significant comparative advantage to deal with the high market competition level and, simultaneously, explains partially the reasons why Nestle holds one of the highest market shares in UK. The competitiveness of its products seems to be particularly high, as the customers' expectations seem

to be met and they seem to perceive high levels of value and quality, while the more they get to know the products the more intense the above relationship become.

Second, the level of customer satisfaction and loyalty is stable through all sex, age and educational groups, but differences are observed in case of working position groups. Particularly, people that do not work (retired and unemployed) seem to declare more satisfied and loyal than the groups of employees and entrepreneurs. Moreover, the degree of the customer satisfaction and loyalty seems to be positively related to the degree that a customer knows the products, believes that her needs are met, and recognizes that the products are competitive, as well as to the levels of the perceived values and quality they get from the products consumption. All the above provide evidence that Nestle runs an efficient and effective Customer Relationship Management system.

## 5.2. Suggestions

Based on the above, Nestle's Customer Relationship Management is effective and efficient. However, the level of loyalty it achieves is lower than the level of satisfaction. This mean that there is space for improvement for Nestle. Empowerment of loyalty can provide the firm with even more strengths to cope with high competition level and to ensure long-term sustainability. Hence, actions towards this empowerment are suggested.

## 5.3. Limitations and Suggestions for Future Research

The present study faced various significant limitations. First, effort was made to apply all the rules of random simple sampling method. However, the fact that the researcher is not a native in UK may has added bias. Hence, future studied should try to involve British researchers that could perceive and face in time any clues of bias. Moreover, the sample is considered to be small in comparison to the population. This sample inappropriateness may have also introduced flaws to the present research effort. Finally, even if the levels of satisfaction and loyalty are especially high, according to the above presented statistical analysis, questions about the respective levels for

competitors arise. Are competitors' customer satisfaction and loyal higher or lower than the ones of Nestle? How is Nestle ranked in terms of customer satisfaction and loyalty compared to its competitors. These questions can reveal very interesting characteristics of UK food market. This is the reason why future studies are proposed to run simultaneous surveys for all or at least the biggest firms of UK food market.



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## Appendix – The Research Tool

### **QUESTIONNAIRE**

This questionnaire is the research questionnaire carried out as part of the examination of the customer relationship marketing in food sector in the United Kingdom, with the ultimate goal of completing a Master of Business Administration (MBA) program. The aim of the questionnaire is to evaluate the customer relationship marketing in food sector companies in the United Kingdom. Particularly, the present study refers to Nestle S.A. and its products.

It is short and anonymous. Thank you for your participation.

*Note. The questionnaire is based on Suchánek & Králová (2019) research<sup>1</sup>.*

#### **Section A: Demographics**

1. Sex:

Male

Female

2. Age (in years):

Under 30

31-40

41-50

51-60

Over 60

3. Current work position:

Employee

Entrepreneur

Unemployed/Retired

4. Educational Level:

High School

Technological Institution

University

Master or Ph.D

**Section B:** Please, for each question circle the respond which best reflects your opinion. It is worth mentioning that wherever the word “product” is met, the products of Nestle SA, as a whole, are implied. All questions are measured on a ten-point scale, where a value of 1 means a low rating (i.e. low satisfaction) and a value of 10 indicates a high rating (i.e. very satisfied).

<b>Product Knowledge</b>	<i>Almost not at all</i>	<i>Very Well</i>
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<sup>1</sup> Suchánek, P., & Králová, M. (2019). Customer satisfaction, loyalty, knowledge and competitiveness in the food industry. *Economic research-Ekonomska istraživanja*, 32(1), 1237-1255.



1	How well do you know the product?	1	2	3	4	5
<b>Competitiveness</b>		<i>Significantly Worse</i>			<i>Significantly Better</i>	
2	How do you assess the image of the product with respect to its brand (tradition, reputation, prestige, etc) in comparison with the competition?	1	2	3	4	5
3	How do you assess the image of the product with respect to its overall quality (nutritional value, taste, composition, appearance, etc) in comparison with the competition?	1	2	3	4	5
4	How do you assess the image of the product with respect to its level of marketing communication (interest, merorability, intensity of advertising, etc) which relates to the product in comparison with the competition?	1	2	3	4	5

<b>Customer Expectations</b>		<i>Does not satisfy them all</i>			<i>fully meets them</i>	
5	To what extent does the product meet your needs and requirements?	1	2	3	4	5
6	To what extent does the product meet your expectations in comparison with the promises?	1	2	3	4	5
		<i>Product varies all time</i>			<i>always exactly the same</i>	
7	To what extent is the quality of the product stable over the period you have known it compared with your expectations of the characteristics of the product (no changes in taste, appearance, etc)?	1	2	3	4	5
		<i>Significantly worse</i>			<i>Significantly better</i>	
8	How do you evaluate the product in comparison with the expectation that you always have before its purchase and consumption?	1	2	3	4	5

<b>Perceived Quality</b>		<i>Very Low</i>			<i>Very High</i>	
9	How do you assess the quality of the product with regard to its taste?	1	2	3	4	5
10	How do you assess the quality of the product with respect to its composition (raw materials, including their origin, content ratio of components, etc.)?	1	2	3	4	5
11	How do you assess the quality of the product with respect to its appearance?	1	2	3	4	5

<b>Perceived Quality</b>		<i>Very Low</i>			<i>Very High</i>	
12	How do you assess the quality of the product with respect to its nutritional value (especially in terms of functionality - energy, health, sweetness, refreshment, etc.)?	1	2	3	4	5
13	How do you assess the overall quality (the overall assessment of its taste, composition, nutritional value, freshness, durability, appearance, smell, or packaging, etc.) of the product?	1	2	3	4	5

<b>Perceived Value</b>		<i>Price significantly higher than its quality</i>			<i>for its quality it could be significantly more expensive</i>	
14	Compared with the price of the product (the price you usually pay) do you assess its overall quality as:	1	2	3	4	5
15	Compared with the price of the product (the price you usually pay) do you assess the taste, composition, appearance and smell of the product, i.e., the product's features, as:	1	2	3	4	5
16	Compared with the price of the product (the price you usually pay) do you assess the functionality of the product (i.e., the fulfilling of those functions that you expect from the product, e.g., how it satisfies the appetite, tastes, refreshes, etc.) as:	1	2	3	4	5
		<i>The costs are significantly higher</i>			<i>durability, expiry date, etc. is significantly higher</i>	
17	Evaluate the cost of getting the product (in acquiring or 'hunting for it, its storage, disposal and price) in comparison with its durability, expiry date, use, freshness:	1	2	3	4	5

18	Evaluate the overall quality of the product, i.e., the features and functionality, in comparison with the overall costs of the product (including product price, storage costs, disposal, time-related costs, e.g., to opening or closing of the packaging, the time cost related to 'hunting' for the product that is not always available, etc.)	1	2	3	4	5
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<b>Customer Satisfaction</b>		<i>Not at all</i> <span style="float: right;"><i>Completely</i></span>				
19	How generally satisfied are you with the product?	1	2	3	4	5
20	How much does your overall satisfaction with the product correspond with your expectations (the expected satisfaction)?	1	2	3	4	5
21	What is your overall satisfaction with the evaluated product compared to the ideal product?	1	2	3	4	5

<b>Customer Loyalty</b>		<i>Often</i> <span style="float: right;"><i>Never</i></span>				
22	How often do you buy a similar product from another manufacturer?	1	2	3	4	5
		<i>Certainly not</i>			<i>Definitely yes</i>	
23	If there are several very similar products on offer, at a very similar price, do you always choose the evaluated product?	1	2	3	4	5
		<i>Significantly decrease</i>			<i>remain the same</i>	
24	If the price of the product increased (by up to 50% of the current price), would the amount/number of the product you purchase be likely to:	1	2	3	4	5
		<i>Certainly not</i>			<i>Definitely yes</i>	
25	Do you or would you recommend the product to your friends, family or other customers?	1	2	3	4	5

