The impact of product promotion on customer loyalty

A quantitative study on Zara

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Abstract

We are living in a competitive business world, on which every company strives to have a better and more significant share of the market. Long term customer relationship is essential in order to reach that success. At the same time, an essential aspect of generating and creating that customer-company engagement, customer loyalty, is product promotion. This research aims to address one of the most important key elements for companies, particularly in the case of Zara: *The impact of product promotion on customer loyalty.*

This particular research aims to illustrate which are the key variables that have the most impact on customer loyalty. There is a hard work/high implication behind customer loyalty for a company; for this reason, it is necessary to know on what to focus, invest, and concentrate. In order to be able to answer the presented question an in-depth research together with a study and analysis has been made.

To accurately explore the purpose of this study, we conducted a quantitative research in the Spanish market, aiming to best answer this study. To do so, we administered a survey (created in English and then translated in Spanish) between 157 respondents analyzing different variables on the Spanish market; Promotional Pricing, Point of Purchase Display, Perceived Quality, Perceived Value, Attributes, Customer Relationship, Trustworthiness and Loyalty where the variables analyzed. The theoretical framework that we used to base our survey construction comes from different researchers on the analyzed variables. We made use of different theories from the marketing field as well as promotion-based ones in order to be able to empirically analyze and give an answer to the proposed question of this research. Finally, we concluded by answering the research question, and the research gap found. The main conclusion of this research includes an algorithm that leads to customer loyalty:

\[ \text{Customer loyalty} = \text{Perceived Value} + \text{Customer Relationships} + \text{Trustworthiness} \]

As presented above, we came to the conclusion that the three main divisors that affect to our customer loyalty formula are: perceived value, customers relationships, and trustworthiness. These fundamental elements that conform to our customer loyalty formula, mostly rely on POP Display as a main promotional tool to impact them.

*Keywords: Zara, Customer Loyalty, Product Promotion, Promotional pricing, Point of Purchase Display, Customer Loyalty, Fast Fashion, Consumer Behavior.*
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1. INTRODUCTION

This introductory chapter will help us to make the reader understand the purpose of this research better. It will start with a background contextualization, following the research gap, research question, thesis purpose, expected contribution and an explanation of the thesis disposition.

1.1 Background

“Understanding customer’s loyalty is crucial in today’s dynamic world due to changing technology, contexts, and lifestyles. This can assist marketing practitioners in developing reliable plans and tactics. Providing empirical evidences on proposed loyalty models and relationships would help practitioners in organizing their resources and efforts efficiently in achieving their objectives.” (Saif Abu-Alhaija et al., 2018)

1.1.1. Why Product Promotion?

Product and Promotion are two words that often are linked together in the marketing and managerial world. In order to better understand what product promotion is, we consider that is important to define both concepts for a better further understanding. Based on the Business dictionary (2019) we can define Product as: “A good, idea, method, information, object or service created as a result of a process and serves a need or satisfies a want”; and Promotion as: “An action taken by a company's marketing staff with the intention of encouraging the sale of a good or service to their target market”. Therefore, we can understand as for Product Promotion the actions taken by the marketing staff of a company in order to increase or motivate the sales of a product. Farhangmehr and Brito (2015) described product promotion as a widely used technique which companies use in order to enhance sales of a specific product, with a medium to long term effects and duration. As Krafft and Mantrala described in 2006, some of the effects which are directly derived from promotions can be seen as highly critical for the future of the company. These effects can vary from making the consumer to switch brands, acquire new users, to create store loyalty or brand loyalty.

So many brands and companies are trying to build long-term connection with their customers. By releasing membership cards, loyalty programs, special products’ promotional campaigns, etc. they aware of the importance to maintain their customers from time to time. Polo et al. (2011) showed that a lot of thing can impact on loyalty of customers, and one of the most important factors is the effect of product promotion on customers’ retention towards their loyalty. Product promotion has been considered as the most popular and effective method to gain attention and build relationship towards consumers (Schweidel et al., 2008). As a result, the ways product promotion affects on customers are different based on different types of customers, so it is really important and essential to understand the role of product promotion, especially in service and retail industries such as fast fashion, etc. and we can
figure out how to optimize product promotion to build customer relationship in long-term strategy (Kim, J., 2019).

As we have seen, product promotion plays an important role on a regular basis in modern companies. Nowadays, an expanding number of sectors use it, from the automotive industry, fashion brands, mobile-phone companies, health-related, and more (Mora, 2018). Furthermore, over the past ten years, sales of promotional products have increased perceptually year after year (Mora, 2018). Product promotion plays an important role in companies and their consumers, being an important key aspect of generating and creating engagement between company-customer.

When it comes to product promotions we can distinguish a wide variety of tools utilized. From a retailer’s point of view, product promotions can acquire the form of price reductions (on which the product decreases its price temporarily), as Blattberg and Briesch (2012) described a different array of promotional activities that we can find. These take the shape of: free goods (quite self-explanatory, the consumer receives free products as a discount), sweepstakes (on which the consumer participates in a contest on which they are eligible to win a product), N-for (discounts connected with the purchase of different amounts (N) of a product, the more, the bigger discount), among others. Furthermore, Schultz and Block (2014) have done a research on this field and have indicated that the brand with product promotions is more likely to be able to increase the likelihood of the consumers towards the brand as well as their purchase intention rather than a brand without product promotions. For this reason, we find product promotions as a key driver of engagement between customers/users and brands, and as Ai-Jean and Yazdanifard (2015) stated, product promotion is the linking tool that benefits both, marketers-companies and consumers at the same time.

1.1.2 Why Fast Fashion Industry and why Zara?

One of the factors that makes fast-fashion industry successful is about the ever-changing taste of from customer towards the industry and its products (Kim, J., Park, J., & Glovinsky, P., 2018). By changing the products and their services with latest trends and styles to satisfy changing customers’ needs and expectation, fast fashion retailers are getting more successful in attracting as well as maintaining their customers in long run (Kim, J., Park, J., & Glovinsky, P., 2018). Miceli et al. (2007) indicated that there is a dramatic increase in numbers of fast fashion retailers who are trying to interact and engage more with their customers in order to build strong and sustainable relationship with them. Brodie et al. (2013) showed that it is essential for fast fashion retailers to engage with their customers by involving them closely with brand community which can lead and enhance the customer-brand relationship sustainably. Besides, Miceli et al. (2007) mentioned that different approaches and strategies can lead to different relationship in long term among brands/companies and consumers. Therefore, we want to research further in this study on how fast fashion’s approaches impact on that relationships which can be considered as customers’ loyalty.
To better understand what fashion industry is, we have to first, contextualize it within the fashion industry, and the role that it plays in it. Nowadays, the current fashion industry consists of three main operational markets, Haute couture, Prêt-à-porter and mass market (Hagelberg, 2015, p.19). Haute couture is strictly connected with high-end fashion, designed by professional designers working on exclusive markets creating custom-made pieces (Motwary, 2016, p. 5) usually, the cheapest couture pieces can start on 9000 euros, skyrocketing the prices up to 45000 euros or even above 90000 euros, highly depending on the piece (Callagher, 2017). Prêt-à-porter, by the other hand as its described by Motwary in Haute-à-Porter (2016), as clothing made for an everyday use and is (in theory), “an industrialized version of long evening gowns, coats and ensembles often with extravagant details and materials of haute couture”. Hagelber (2015) described that the main differences between these two, Haute couture and Prêt-à-porter, is that this second one is industrially made, having all their pieces the same size and patterns, but with high quality standards.

The third market that we mention previously, mass market, is the one which is strictly connected with the fast-fashion industry, and the one that we will be focusing our attention in to more detail. Fast fashion is understood as a fairly new concept used to describe companies such as Zara, H&M, Mango or Primark (among others), on which they are specialized on selling trends at record speed for affordable prices (Idacavage, 2016). In order to be able to sell fast fashion on a mass market at the lowest prices possible, the clothes have to be manufactured in large quantities in order to be able to reduce production costs, thus leading to have lower level quality of the apparels in comparison with the previously mentioned fashion markets (Solomon & Rabolt, 2009, p. 9). Fast fashion as we mention, has changed not only the fashion world, but also the way normal users connect and relate with fashion. Making the classic fashion industry more accessible and reachable for a vast majority of the population. Low pricing, as mentioned before, on fast fashion industry make it possible for the average user, especially young people, to buy up to trend and cheap clothing regularly (Much, 2014). The importance and impact of fast fashion within the fashion industry is undeniable (as mentioned above), shaping, remodeling and redefining the concept and classical conception of fashion over the years.

Zara is a Spanish fast fashion company including both of men's and women's clothing. They have expanded their markets with shoes, cosmetics, accessories and children's clothes recently. Nowadays, Zara is the flag-ship of a much bigger group named Inditex group (Dopico, 2005) which is being described by Debetr (2019) as one of the top three apparels companies in the world.

One of the key factors of success from Zara is always putting customers as their first priority to focus one. This factor was defined as one of Zara’s main objectives from the very beginning when it’s founded. In 2017, Zara released up to 20 clothing collections a year (Dopico, 2005) which proves two things, the progressive sensitivity of the company towards fashion itself and the highly responsive supply chain, being able to ship the latest trends to their consumers in a really short amount of time. Roll (2018) described that it is not only the strategy of keep the pace with rapidly changing fashion styles, but also being able to deliver their new trends (which are quality products with low price) to their customers. This rapid adaptation is key to success, while for Zara it may take 2 or 3 weeks to change an entire
collection of clothes, for other fast fashion brands takes up to 6 months to convey with the whole process (Roll, 2018).

Moreover, in the same year, the Interbrand’s list ranked Zara as being part among the 24th best global brands in 2018 (Roll, 2018). Furthermore, when it comes to advertising, it seems that Zara plays in a different league. Zara has utilized nearly a zero investment for advertising activities. It invests about 0.3% of all sales turnover on its advertising campaigns, the difference is notorious if contrasted with its rivals, investing as an average of 3.5% to 5.4% (Ton et al., 2010, p.222). In this case, instead of spending much budget on advertising, Zara invests on acquiring new stores while focusing at the same time on sales and promotions. Due to their nature, Zara is described by Roll (2018) as a company that its customers love and desire; fact that can be connected by the overall brand experience.

By that said, we can see that Zara’s prime marketing strategy is to utilize its store area, their outlet displays and promotion activities in order to grow. Ton et al., (2010) pointed out the importance of the location of Zara’s stores by being located in the most noticeable as well as prominent places on most of the major cities of the world, on which Zara’s guarantees great traffic of consumers as well as visitors for its stores.

1.2 Research Gap

Investigation about the connection between product promotion towards the importance of building customer loyalty in the specific field of fast fashion industry apparently has not been studied so far. Many researchers have been interested in similar studies or studies that are quite near the fields presented above but we have not found any that focus on those specific areas and the importance of product promotion and customer loyalty in the specific area of fast fashion industry. Over the past years, many researchers have dig in to studies of sales and promotion, focusing on different parts and aspects of it. Mela et. al. (1997) investigated the long-term effects that promotion and advertising had on the choice of a brand by a customer, the results, confirmed that over time, consumers of a brand become more sensitive towards price and promotion, due to reduced advertising and increased promotions. Basically, they mentioned about different consumers behaviors affected by products promotion which did not focus totally on loyalty towards consumers. Besides, that literature was implemented in 1997, which is too far to the current situation when consumers have changed their behaviors dramatically. As a result, that research might not be too critical to use when identify consumers towards fashion industry nowadays.

At the same time, different other researchers such as Söderlund (1998), Slater and Narver (1999), Gregson (2008) or Bagherzad and Hosseinikhah (2011) have discussed products’ promotion and loyalty separately, without empirically linking both concepts. By discussing and trying to find the link between the both of them, we will be able to narrow research gap by careful identifying the association between the promotion of products towards customer loyalty in fashion industry in this thesis, it will be on Zara’s research.
Méndez (2012) conducted a research on products’ promotion effects on brand loyalty, concluding that product promotions can either reinforce or reduce the behavior of a brand loyalty. Furthermore, Genchev and Todorova (2017), concluded on their study that they find a positive attitude from clients towards promotional activities techniques. Confirming that product promotion is an effective tool and has positive direct impact on the client’s intention to buy (Genchev & Todorova, 2017). In 2012, Allender and Richard conducted an empirical analysis on the relationship between promotion strategies and brand loyalty. Nonetheless, these studies described the relationship between products and promotion towards consumers’ loyalty in general context and not really concentrated on any specific cases. While fashion industry is specialized and has typical interactions towards consumers’ behaviors as well as loyalty. It would be the big shortage of these literature towards our research. Consequently, that is the gap which need our research which will be executed in fashion company – Zara to fulfill and complement properly.

On the other hand, fast fashion industry has been studied in many different researches. Dopico and Crofton (2007), conducted a research about Zara and connected it with the growth of the fast fashion, striving to explain the origins of fast fashion and the importance of Inditex on this global growth. At the same time, Linden (2016) presented on her research the importance of Zara as a driver in the fast fashion industry.

In other words, the study and research of product promotions, customer loyalty and fast fashion industry has been done over the years as a way to describe trends and current situations. The three fields have been relevant for the researchers named above but the possibility of a connection between them has not yet been analyzed. This research aims to link these three fields of knowledge (product promotion and customer loyalty in fashion industry) by finding a connection among them.

1.3 Research Question

Having outlined the current research gap that we will be paying attention and working on, the purpose of this research is to investigate the Importance of product promotion on developing customer loyalty. We aim to demonstrate (theoretically and empirically) how customer loyalty develops through product promotion in the case of Zara. So, our Research question will be “How do Zara’s promotional activities affect customer loyalty?”

1.4 Thesis purpose

The purpose of this research can be seen as, by one hand, we aim to shed light on which factors in Zara product’s promotional activities have a direct effect towards building customer loyalty. On the other hand, with the results obtained we will be able to identify which are the key influences from promotional activities to impact/affect on customer loyalty in the fast fashion industry.
The study aims to develop a practical and updated foundation which can be applied in future research papers about products promotion and how to optimize that to enhance loyalty towards customers. Besides, one of its objectives is to analyze further the current literatures and studies regarding to customer loyalty, products promotion and fast fashion industry, then complement the updated practical information about above factors to fulfill the research gaps mentioned. Furthermore, this thesis’s purpose is also to contribute for further studies in the future which can support more researchers to equip more valuable and comprehensive knowledge of how to enhance customers’ loyalty from products’ promotion in fashion industry.

By being able to draw key elements to focus to achieve customer loyalty through deep understanding of current situation in the fields as well as careful researching of practical literature and previous studies, this thesis aims to draw a blueprint about how promotional activities work in fashion industry towards consumers, as well as see how impactful they are and how important it is to apply them in order to enhance customer loyalty.

1.5 Expected contribution

The impacts of product promotions on customers are different based on various types of customers and their behaviors, hence it is really necessary to understand the importance of product promotion, especially in service and retail industries such as fast fashion, etc. and we can define proper outcomes for this research with key learnings to optimize product promotion to build long-term customer relationship (Kim, J., 2019).

More and more fast fashion retailers who are trying to interact and engage more with their customers in order to build sustainable connection among each other (Miceli et al., 2007). Brodie et al. (2013) showed that it is essential for fast fashion retailers to engage with their customers by involving them closely with brand community which can lead and enhance the customer-brand relationship sustainably. Besides, Miceli et al. (2007) mentioned that different approaches and strategies can lead to different relationship in long term among brands/companies and consumers. Therefore, we want to research further in this study on how fast fashion’s approaches impact on that relationships which can be considered as customers’ loyalty.

The contributions of this research can be seen as two-fold. First of all, the key contribution of the thesis will be towards the current studies in our research field as a comprehensive complement. Apart from that, the next contribution of our research will be towards companies and businesses which are in fashion industry, so they can use the results of our studies for their upcoming product’s promotion activities. These are connected as contributions to the previous studies and literatures intended to apply on products promotion campaigns in business contexts to develop loyalty towards customers.

The current studies do not include, firstly, key factors from products promotion affect on consumer behaviors and on loyalty in consumers, especially in fast fashion industry; secondly, how to optimize these factors to build and enhance the loyal relationship towards
consumers in long-term. Giving a reason, the first contribution for literatures is to identify what the main components which form products promotion and customer’s loyalty, especially in fashion industry on the case of Zara. After that, this thesis aims to describe the relationship among these components and then, to define how to leverage and optimize the constructive factors of products promotion to develop loyalty relationship of customers. Furthermore, this research will be able to start a new sparsely research which can result more impactful studies regarding to this area in the future.

In terms of Theoretical part, our research will make use of existing theories and researches to help us to develop and define a new theoretical framework on which will help us to describe and give an answer to our research question, concretely, analyzing the Spanish company Zara. Theories on brand loyalty, brand development, customer retention, customer loyalty or impact of promotion on customers will serve us as platforms to build a solid prescription that will help us to address this case.

In terms of Practical one, since Zara has become the leader in rapid development of changing fashions (Loeb, 2015), the results will serve us as blueprints for any other company working on the fast fashion industry, or companies who strives to develop a more solid and persistent customer loyalty through product promotions. By making use of a quantitative survey, we will have a better understanding on which are they key or fundamental factors that users and consumers of Zara find attractive or engaging. With the empirical results, analyzed side by side with our theoretical research, we will be able to clearly prescribe a rigorous and precise recommendation on how to develop customer loyalty through product promotion.

This study does not intend to build detailed action steps or blueprint of what fashion companies and businesses should do to enhance the loyalty towards their consumers. However, this will be a valuable source for them which provides findings and results from our testing about consumers behaviors from promotions activities about fast fashion products. Consequently, our final implications behind the research, test results and findings can help business in fast fashion industry know what will be more important to them to focus and how they do that with their products’ promotion campaigns to develop their customers’ loyalty.

1.6 Spanish market

By one side, we can easily distinguish the Spanish neighboring countries such as France with Couture fashion, as described before, strictly connected with high-end fashion, and designed by professional designers working on exclusive markets creating custom-made pieces (Motwary, 2016). Italy, with Prêt-à-Porter, with brands such as Dolce and Gabbana, Gucci or Versace, and now Spain being the fast fashion reference in exporting clothing with Inditex on its lead (Observatorio de la Moda Española, 2016). It is indeed, a sector with a complex structure. From big retailers to wholesalers going through an almost endless spectrum of small companies who try to attend the different market strata that they are aiming at, being these from luxury to low-cost products (Observatorio de la Moda Española,
It is a very sophisticated sector, characterized by encompassing a wide variety of professions and requiring highly specialized talent training. Its main activity, manufacturing, has been losing weight in the gross added value of the sector, in which, at present, it represents only a part of it together with design, marketing, commercial activity and management of the points of sale and a wide variety of auxiliary activities (architects, lawyers, designers, etc.). Thus, over time, the work structure has been concentrated around the world in clusters that bring together most of the activity associated with a group of companies. As an example, the footwear sector has several notable clusters in Spain (in Levante, the Balearic Islands, and La Rioja) that bring together a large number of activities in the value chain of this sector in particular (Observatorio de la Moda Española, 2016). In Spain, the fashion sector is considered strategic because it is one of the most important in terms of the weight of the national economy (measured in terms of gross domestic product, GDP), and because of its enormous dynamism, which translates into in export growth and job creation.

Furthermore, fashion is one of its economic engines both inside and outside, according to the figures published by the Spanish Fashion Observatory (Observatorio de la Moda Española, 2016), this sector is one of the four that exports the most, none the less than 8.4% of the total. All of its economic activities represent 2.9% of the Gross Domestic Product, which, alone it surpasses the whole of the primary sector of the State (Irástroza, et al., 2019, p. 46). However, we can say that fashion, as an economic sector, does not have as clear visibility as banks, telecommunications, energy or infrastructures can have. That is a sector with a plurality of product categories (textiles, footwear, accessories, etc.) and services, as well as a complex value chain with specialized companies and a great diversity of distribution channels (Observatorio de la Moda Española, 2016). All this makes it necessary to have specialized knowledge to understand your investment and improvement opportunities better. We must also take into consideration that apart from the direct activity generated by the fashion sector, there is a broad spectrum of companies that provide auxiliary services (furniture manufacturers, architecture and engineering firms, law firms, communication companies, consultancies or travel agencies, among others), which in turn, collaborate in the strategic development of the sector (Observatorio de la Moda Española, 2016).

We have to mention that the business network of the fashion sector in Spain is mainly made up of SMEs and micro-SMEs (Observatorio de la Moda Española, 2016). Globalization, overcoming the saturation of its local markets and the massive arrival of competition with an unbeatable competitive advantage in costs, are some of the reasons that lead the Spanish companies to open borders.

Spain has achieved worldwide recognition in the sector for the creation of innovative business models based on fast fashion, having the leading operators in the segment (Zara and Mango) and with one company, Inditex, which is the reference driver of the sector in the world. Zara offers fashion products adapted to the tastes of the consumer (in multiple countries of the world) with an excellent value for money spent. In spectacular store environments and the best locations in streets and shopping centers of the best cities in the world. All and all, Spanish fashion has become, in recent years, a world reference. Not only on the catwalks around the world, but also as a socio-economic and cultural reality that,
within and outside the country's borders, identifies and adds value to the "Marca España" ("Brand Spain", understood as a label of quality), being the flagship of this change and innovation, Zara.

1.7 Thesis Disposition

This section will serve as a content guideline for the research, building up chapter after chapter to provide the reader answers to our research question. In Chapter 2: Scientific Method, we will discuss the scientific method used in this research. Chapter 3: Theoretical Framework, we will set the bases for our conceptual model. On Chapter 4: Practical Method, we will explain how we will practically approach our research question. In Chapter 5: Empirical Results and Analysis, we will show the results of our quantitative research and its analysis. Chapter 6: Discussion, will provide an in-depth interpretation of the results obtained on the previous chapter. Chapter 7: Conclusions, will help us to present the general conclusions of the study as well as its main findings from the previous sections discussed in chapters 5 and 6.
2. SCIENTIFIC METHOD

This chapter starts with our research philosophy, analyzing how the data will be collected, analyzed and used. Following this first section, we will have the research approach, research design, literature search and the choice of theories and concepts.

2.1. Research Philosophy

Research philosophy is related to the development of knowledge and the nature of that knowledge (Saunders et al., 2009, p. 107). As described by Saunders et al. (2009), there are three research types, ontology, epistemology and axiology. This first one (ontology) refers to assumptions about the nature of reality (Saunders et al., 2009, p. 127) or as David and Sutton (2011) described: “the theory of being or what reality fundamentally is”. By the other hand, epistemology is seen as the theory of knowledge (David & Sutton, 2011, p. 39). It also deliver the perception to aware and model to identify legitimate knowledge (Gray, 2013, p. 19). In contrast, while ontology seems to be abstract, the importance of epistemology seems more grounded. According to Bryman & Bell (2015) there are two aspects of ontology: objectivism/positivism and constructionism. Objectivism, also called positivism, refers to the idea that the truth only comes through facts, measurements, analyses or science (Saunders et al., 2009, p. 127). Thus said, objectivism/positivism would be linked to quantitative analysis. On the contrary, constructionism refers to the interpretation of the study, such as reflection of the meaning which we can find in qualitative analysis as observations or interviews.

Axiology by the other hand refers to the role of values and ethics within the research process (Saunders et al., 2009, p. 128). Heron (1996) argues that our values are the guiding reason for all human action. Furthermore, he also added that (we) the researchers demonstrate axiological skills by being able to articulate our values towards the research that we are conducting and how we go about doing it (Heron, 1996). Hence being objective as a researcher is therefore truly important while acquiring a positivist way towards the research.

Ontology and epistemology can be defined as the study or science based on the belief and interpretation behind the reality of an analyzed fact. In other words, it is the reflection of the belief behind a study or a fact (Saunders et al., 2009, p. 127). At this point of the research it is important to identify the ontology and epistemology in order to be able to further determine the research design.

This research aims to investigate the impact of product promotion on customer loyalty specifically by analyzing the well-known company of Zara. The aim of our research is on the customers and how the company impacts them. The method, in order to obtain the data necessary, will be via a questionnaire. For this reason, our main view of ontology is objectivism/positivism. Nevertheless, constructionism will also be considered in this research since the data collected via de survey will be analyzed, interpreted and reflected by ourselves (objectivism). The analysis will be based on the responses of the survey participants, whose responses will be quantifiable and later on, used in statistical review.
2.2. Research Approach

The foundations for any investigation reside on the usage of theories, and by the way those theories are used. Trochim et al. (2016) describe that there are two broad methods of reasoning as the deductive and inductive approaches. Deductive research is meant to be used from firstly generating a theory about our topic, continually we narrow it down into a hypothesis with the help of the research question/s. Deducting hypothesis from a theory, and later on, testing these hypotheses through numerical data (e.g., questionnaire) and statistical analysis is referred to quantitative research (Teddlie & Tashakkori, 2009, p. 23). Besides, abductive approach begins from a sudden event (Saunders et al., 2012, p. 147) or an individual observation which can result to the answer for observing used implicit connecting premises.

On the other hand, the aforementioned inductive research is focused on building theories (Saunders et al., 2009, p. 126) from analyzing data obtained from qualitative research. In other words, it starts with concrete observation to a broader generalization of theories (Trochim et al., 2016). Saunders et al. (2009) also commented that approaching a research by the inductive approach, stresses the examination of meanings humans attach to events and the necessity of the inherent nature of the problems. The inductive method structure is usually associated by having much more possibilities to be changed during the process than the deductive approach. The deductive method, on the other hand, strictly follows scientific principles which are reflected in the methodology (Saunders et al., 2009, p. 125).

As a result, the linkage between theory and analysis can be done either by a deductive or inductive approach. Furthermore, in the previous chapter (2.1) the positivism mentioned above and interpretivism, can be both correlated with deduction and induction respectively. Consequently, the main decision between pursuing a deductive or inductive approach resides in our research question, which at the same time guide our research philosophy. With this project, we aim to highlight the connection between product promotion and customer loyalty which will involve the generation of hypotheses, whereof will be tested through quantitative data created. Consequently, choosing a deductive approach for this research is the best option if we want to retrieve the best outcome of it.

2.3. Research Design

Greener (2008) denotes that the research design is the core and fundamental thing to approach any studies. Once the research comes to this point, research design, it is important to decide whether the research is going to be qualitative or quantitative. The difference between the two options is basically depending on the data collection methods. In the case of a qualitative research, the data collected is gathered by methods that are not palpable. Saunders (2009, p. 151) gives some examples of non-palpable data collection can be: observations, interviews or interpretations from a situation such as verbal actions. On the other hand, Saunders (2009, p. 151) means that a quantitative research is that research where
the methodology of the data collection is gathered by palpable data, results that are possible to be measured such as statistics, diagrams, questionnaires etc.

Summarizing, both types of methods (qualitative and quantitative) are valid for a good research. Nevertheless, there is an important repercussion to the final result depending on which one is chosen since it will as a consequence vary the final result dramatically. Qualitative methods usually obtain a more abstract, subjective and wide view and results due to the data collecting method. Unlike quantitative methods which use to provide with more of a concrete “cause- effect” of the factors and problems of the company type of data.

In other words, a correct data collection method is necessary in order to obtain the desired results. In the specific case of this thesis, we seek for concrete “cause-effect” results. In other words, we seek for the most credible results on what causes the impact of product promotion on optimizing customer loyalty. For this particular reason, quantitative research seems the most suitable data collecting method in order to be able to reach our objective and answer our research question.

To sum up, our research will follow a quantitative approach, which will analyze the answers of a target segment. In order to test the hypothesis, we will do a questionnaire that enables us to collect numerical data. Nevertheless, there will be one question that will follow a deductive approach since it includes an “open question” where the user will be able to express himself/herself and give his opinion about the subject asked. Hence, our main focus is based on capturing solid data on consumer perception in order to obtain a general picture on to what extend the impact of product promotion optimize customer loyalty.

2.4 Literature Use and Scrutiny

As we have seen on previous parts, a deductive approach will be mainly leading the development of our research, meaning that we will make use of previously developed theories in order to conduct our argumentation. In order to ensure the reliability of our theoretical framework, we used different acknowledged theories from different expert books, journals, and articles. The upcoming section will give some light regarding our literature search as well as our source of criticism.

2.4.1 Literature Search

In order to be able to better understand previously researches about similar topics as the one chosen for this research, different types of sources were used: primary, secondary as well as tertiary sources. Saunders (2009, p. 68) refers to primary sources as the ones that are more exact with detailed information. For this particular research, we have chosen to consider contemporary sources regarding fast fashion and product promotion. At the same time, we have also taken into consideration older sources that are included ground-based theories. Due to its accessibility nowadays, we have been using online and electronic resources such as e-books. In order to carry out a literature search we have used different trusted sources in
order to ensure the reliability of this research: Umeå University library, Google Scholar as well as books, articles and well-regarded journals.

Collis & Hussey (2014, p. 77) mean that in order to make research more efficient it is important to use keywords. In the case of this research, some of the keywords used were the following: Zara, customer loyalty, customer retention, customer satisfaction, product promotion, point of purchase display, promotional price, fast fashion.

2.4.2 Literature Use

As we have previously commented on this research, in order to give and seek an answer to our research question, we needed to make use of different theories. By that, we made use of recent as well as older theories to build up a theoretical framework around our research question. The online journals and articles obtained by digital means were sorted in order to make use of the ones that had the most significant impact on what we aimed to analyze. Some of those aforementioned theories used in this research are used in renowned business and marketing journals, such as the Journal of Marketing or the Journal of Business Research, among many others.

On the other hand, we do accept that it can be possible that we could have missed essential articles whom could have been relevant for the outcome or interpretation of our study. Regardless, we do believe in the reliability and impactful importance of the current selection of theories used in this research.
3. LITERATURE REVIEW

This chapter will discuss the main theories used in this study as well as its background to have the comprehensive overview about dimensions of different constructs towards Customer Loyalty, following with Customer Satisfaction, Customer Retention, Promotion, as well as research connecting product promotion and customer loyalty, and the development of our conceptual model.

3.1 Customer Loyalty

McMullan, R., & Gilmore, A. (2008) published their insightful article about Customer Loyalty and its empirical study. Their study illustrated the customer loyalty as the intention of customers to repeat purchase goods of the brand for their future transactions. Furthermore, when the brands become their favorite as well as preference, they will be easier and more open to experience new products and/or services from that brand. Apart from that, it is essential to define what Customer Loyalty is and its structures. Based on that, researchers can explore what Zara has implemented with their promotional strategies to pursue to optimize the Loyalty of consumers towards Zara itself and identify whether their customer now are loyal one or not. Toufaily et al. (2013) determined customer loyalty as key factor in marketing’s practice. He explained it as a committed relationship among customers and companies in an amount of time. Customer Loyalty can be described as attitudinal loyalty which is customer’s positive satisfaction and behavioral loyalty which means the intention to repurchase products and/or services from consumers (Stokes, C., 2014). The attitude usually can be resulted on how buyers express their behaviors with the bought products and/or services.

Ammar et al. (2015) explored metric as well as ration of selling new products to consumers. If they are new customers, the ratio to sell new products to them is about 5-20%, while they can sell the same thing to the customers who are already loyal with the brand with up to 70% success. Additionally, it is possible to gather more new target consumers, however its expense will be about 10 times more than it does to the current one (Slater & Narver, 1994). Koncept Analytics (2016) emphasizes the important role of Customer Loyalty in fashion retailing industry. He insisted that during the aggressive and competitive environment like this, customers will be the one who control their power to choose or change their decision of stores, purchasing, etc. freely with better deal of cost promotion, thus, it leads them to be easier in comparing products offered by different brands/companies. Consequently, in order to recruit more potential customers in the sustainable way, developing groups of loyal consumers can help companies not only save time and cost, but also can use these group as a strong words-of-mouth channels to leverage their presence to target market. Giving a result, many promotional programs and marketing activities have been initiated to achieve more sales and to build loyal consumers.
3.2 Customer Satisfaction

Customer satisfaction can be explained from how the companies meet customer’s needs, expectation and fulfill their expectation with the products and/or services (Anurai, 2018). It is also described as the number of total people whose referred their experience with the products and services which are over the objectives of satisfaction (Farris et al., 2010). Satisfaction is calculated by the perception of consumers about the quality of the products and services and the way consumers value these products and services they used.

Firstly, this leads to the intention to repeat their purchasing from time to time in the future. Customer satisfaction effects on how happy and satisfied customers are with the things they bought and whether they will re-buy these anymore. Kraljević et al. (2017) and Segetlija (2011) determined that the satisfaction of customer can lead to their loyalty which is based to sales profits in long-term. Levy and Weitz (2007) indicated that the way we measure customer loyalty to see whether we satisfy them or meet their expectations or not is called customer satisfaction. Wirtz et al. (2007) showed in their research that the satisfaction of customers would be the key to win when companies are in the competitive market where brands compete with each other aggressively. Bae (2012) revealed that the brands/companies can make impact on customer satisfaction based on their own decision about how much they want to concentrate on it. He also said that the satisfaction of consumers as well as their relationships towards the brands and products and service quality can improve the market share and gain more sales profits for the company.

As a result, it can be the great focus to not only retain the current consumers, but also converting them to be the loyal one. The happier and more satisfied you are with what you purchased, the more positive experience with the brand, and the more willing you want to share and leverage these your own positive using experience to your communities.

3.2.1 Perceived Quality

The perception of customers about quality can make impacts on their purchase retention through its relationship towards Customers’ satisfaction. If the perceived quality increase higher, the chance of consumer to repeat their purchase in the future will be increased as well. Giving a result, it is the key influential factor to influence customers’ decision on products buying (Biljana & Jusuf, 2011). Therefore, companies focus more on market research and consumers’ feedback to see how consumers see and perceived the quality of their products they chose and bought from the companies.

Campon-Cerro et al. (2016) pointed out the connection among perceived quality towards customer satisfaction which can result the customer loyalty. Besides, Song et al. (2012) and Fornell et al. (2006) figured it out that customer expectation and their own satisfaction can be influenced by sales and products promotion strategies. If customers’ expectation is raised, their perception of quality is higher which lead to better satisfaction as well as customer loyalty.
Iglesias & Guillén (2004) and Zeithaml (1988) projected that the perceived quality can represent to the consumer’s judgement of the excellence of a product or service. Vera (2015) and Anderson et al. (1994) emphasized that the perception of consumer about quality can be put in the evaluation of the current companies’ performance from their points of view. Consequently, these helped to impact consumers attitudes and behaviors positively in relation to the supplier. Besides, perceived quality is considered as an important factor that display the differences to the perception of quality about products or services.

Apart from that, the quality of the product or service can be identified as the integration of products features and attributes that can fulfill customers’ satisfaction as well as their needs (Shahzad, 2012). Due to the positive relationship between these two factors found in the findings, Gummesson (1998) said that if the perceived quality rise and it can help to lead the satisfaction as well as loyalty higher. Explained by that, if the quality of product can meet customer’s needs and expectation, it can result to fulfill customer’s satisfaction and as a result, customer loyalty after that.

### 3.2.2 Perceived Value

Perceived value of customers is the perception of what they gain from the products or services they bought in comparison with what they expected and needed before purchasing transactions. It can be seen as how products and/or services deserve what consumers paid in their minds (Biljana & Jusuf, 2011).

Slater and Narver (1994) indicated that his indicator is considered as paid-off transaction between two sides: companies/brands – the one aims to financial value and customers – the one expects to gain benefits and real value from the purchasing of products or services. Additionally, Vargo and Lusch (2004) illustrated Perceived value of buyers as quite complicated and not under companies’ control because it is evaluated and consolidated by consumers. Thus, customers will be the one to standardize their own expectation, demands as well as measure their perception of value about product and service by themselves, not the companies.

Perceived value can influence on how happy and satisfied customers are Rajagopal (2007). If the products meet what they expected, they will be satisfied as well as happy, and if not, they will be disappointed and it leads to negative feeling and intention in the future towards the brands and products (Zeithaml, 1988). And such, it can affect on developing customer loyalty in long-term plan of the business. According to Eggert and Ulaga (2002), customers are the one who always use rivals as the source to compare the value perceptions as well as the alternative ones.

### 3.3 Customer Retention

Customer retention is defined as how customers decide to keep going the relationship towards brands/products Keiningham et al. (2007). It is also how the companies can
maintain their customers in long-term from time to time (Rust, 1993). It is also integrated with offering the retained consumers’ products which can satisfy their demands and requirements (Farquhar, 2004). Samer, A. (2015) had figured out about the positive relationship between customer retention and the repeat purchase of consumers which could lead to customer loyalty. The customer retention increases can lead to the higher chance they will repeat to buy that products/services.

Talking about customer retention, this is not only about gathering consumers’ contacts, but also about how the business enhance and strengthen their relationship with customers to build effective retention efforts which can take the whole lifecycle into account (Reinartz et al., 2003).

3.3.1. The Product/Brand Attribute

Hsieh et al. (2004, p. 251-270.) mean as well that it is important to make a differentiation on the brand itself or its product in order to enhance its uniqueness. That will lead the brand, then, to be more attractive, valuable and desirable in customers mind (Hsieh et al., 2004, p. 251-270). This differentiation of the brand and its product will then lead to, for instance, brand equity and automatically affect customer loyalty and their behavior as a consequence (Hsieh et al., 2004, p. 251-270). The product and the brand attributes are then an emotional consequence of what the customer purchase as for instance the product with its special and unique design or/and other benefits such as the functionality of the product (for example the materials used) (Hsieh et al., 2004, p. 251-270). Arnould et al., (2005) described that the product/brand image can be seen as the value, attributes and benefits that a particular product/brand has to offer to their customers to fulfill their needs.

Having said that, a decisive and strong set of brand attributes makes the brand/product to stand apart from its direct market competitors. Since its offerings are unique from the said competition, the quality objectives are well met and defined, offering, as a result, the best level of customer experience (Bhasin, 2018). At this point, when the company has the brand attributes well set, it is then feasible for the management and marketing department to decide on the most optimal brand positioning and define how they want the brand/product in the market that they are targeting (Bhasin, 2018). Pilelienë and Liesionis (2007), agreed on their conference that it is extremely important for marketers to understand how consumers react to products they offer to the market. These want/need to know what attributes make a product attractive for the consumer, and when the brand attributes are well matched with what the consumers expect, hence deciding which marketing techniques and promotional tools should be chosen to promote the company's products and services is easier (Bhasin, 2018).
3.3.2. Customer Relationship

Nowadays, the current marketplace is a competitive sea with many renowned brands as well as many different product choices, varying from price and image. Bothe (1996) commented that consumers tend to prefer a single brand or a group of brands to express loyalty behavior. Ndubisi (2004) emphasized that it would be a must-do thing for the firms to think and pay more attention of building customer relationship sustainably, or loyal communities of customers. Building good relationship towards consumers can bring a lot of benefits to the companies such as increasing their retention, share development as well as profits (Verhoef, 2003). It could be understood as the method which increases the frequent contact towards the firms where customers think and aware of the connection and relationship to be really essential (Bove and Johnson, 2000).

Sadeghi and Ghaemmaghami (2011), stated on their research on purchase intention that consumers tend to allocate more attention to a familiar brand and to engage more effort in processing information about a product with a well-known brand name. When consumers lack knowledge about the attributes of a product and are uncertain about the product, brand names play an important role in reducing perceived risk and assessing product quality (Asgari et al., 2008).

Nowadays, customer relationship is considered one of the most critical objectives in about 60% of the projects around the world (Sayed, 2011). Different factors helped to develop better customer relationship, Sayed (2011) stated that due to improvements in technology lead into a better division of the market territories, enhancing the communication with customers, and providing a rich environment with information to contribute in improving efficient strategies to deal with customers.

3.3.3. Trustworthiness

Trustworthiness is seen as the most valuable dimension that a brand/product can have. As commented in the European Journal of Marketing in 2001, trustworthy towards a brand inspires in the customers, loyalty, up to a point that all these consumers will remain committed to the brand even if they are not completely satisfied with it. With that, we can see how impactful as a tool brand trust is, most probably one of the most important factors in generating customer retention. Chong et al. (2003) described that consumers justify their trustworthiness towards a company by evaluating their ability and incentive to provide the goods/services as agreed and their capability and intention to persist the good performance over time.

Nevertheless, this relationship that a corporation builds (customer-company) ideally results in the perception of trustworthiness by the clients (Urde & Greyser, 2014). This relationship can be developed by focusing on building the said trustworthiness between the organization and its customers, through utilizing the five dimensions of trustworthiness described by Sekhon et al., (2014): expertise and competence, communication, concern and benevolence,
shared values and integrity and consistency. On which concern and benevolence are both seen as the most relevant factors among the presented ones, where consumers are likely to perceive the financial organization as trustworthy when the company presents a concerned and benevolent behavior (Sekhon et al., 2014).

3.4 Promotion

3.4.1 How Fast Fashion companies market their products?

This section will present new promotional landscapes, how promotional activities, especially product promotion used in fast fashion retailers as well as in the case of Zara.

Promotional activities are not anything new by today standards, and almost every firm has engaged at some point in any sort of promotional activity in order to attract its customers/consumers to purchase their products and/or services. Product promotion activities are used mainly when companies are trying to enhance its revenues and potentially, impacting on the loyalty of its customers (Alvárez & Vázquez, 2005).

As described by Cook & Yurchisin (2017) and Blattberg & Briesch (2012) some activities of products promotion in fashion retailing can include coupons, point of purchase displays, premiums, discounted prices, rebates, etc. Product promotions is a commonly used way in order to improve brand recognition and also sales in companies, Farhangmehr and Brito (2015) described that the most effective ways of promotion includes contests, social media, product giveaways, point-of-sale promotion, branded promotional gifts, among others. Product promotions are usually seen under the shape of discounts. Cook, S., & Yurchisin, J. (2017) discussed that discounts can lead to change the behaviors and the intention of the buyers when they are buying a product. The most commonly used and popular discounts are straight price discounts of a product, as well as the previously discounts which were based on the amount of the same product bought, the more, the bigger the discount. Yin and Gin (2014) discussed that many retail companies make use of different types of discounts in advertising, display, etc. which directly aim to incite the potential consumers to purchase the advertised item.

As previously commented, Zara has a very unique way of promotion, one of a kind. As D’Andrea and Arnold (2003) stated, Zara just spends about 0.3% of their profits on advertising. As a result, Zara does not show up on TV or notice ads of any kind. Zara prioritizes more on their goods, location as well as pricing and product promotions as opposed to advertisement. It is additionally interesting to point out that as Soloaga and Monjo (2010) described, Zara never puts their image or logo on their products, like other fast fashion brands do. Dopico (2005) described that by innovative products, affordable pricing as well as rightly done product promotion is what makes clients coming back to Zara’s stores, seeking to buy more of their products. As we can see Zara’s own advertising technique is enough in order publicize themselves.
Some of the main promotional activities that Zara has applied during the past are listed by Ton et al., (2010) as price deals, which is a temporary discount on the cost of the product; Cents-off deal which offers a product at a lower price, (which can be seen as a percentage marked on the package); Bonus packs, which the company offers to the buyers a certain percentage more of the product at the same cost, among others. As Ghemawat and Nueno (2006) commented that new technologies led to see promotional activities differently, giving to the companies a new scope of action when it comes to product promotion. From loyalty cards, electronic applications, personal shopping assistants, electronic advertising displays, among others, can be taken into consideration. All this that we have seen, inevitably leads to an intrinsic relationship between companies and customers, on which the companies will have deeper relationship with its clients.

According to the literature of Pankaj a and José (2006) in Harvard Business School about Zara in the Fast Fashion, although there are different ways to execute promotional activities as mentioned previously, however Zara only utilized Promotional Pricing and Point-of-Sales Display (POP Display) as its key promotional activities. As a result, from now on, the researchers will focus on Promotional Pricing and POP Display to analyze how Promotion campaigns of Zara impact on customer’s behaviors.

### 3.4.2 Promotional Pricing

A company can utilize different pricing strategies when they want to sell products or services. The cost can be set to boost gainfulness for every single product or from the market in general. It tends to be utilized to compete in a current market from new comers, to enhance market share of the industry or to enter another market (Gregson, 2008).

Promotion is the way toward convincing a potential client to purchase the products. Product promotion is intended to be utilized as a transient strategy to increase the sales revenue. (Gregson, 2008).

Promotional Pricing, is one of product promotion strategy, is the point at which a vender decreases the cost of the products and/or services to draw attention from their customers as a tactical strategy for sales. (Gregson, 2008). The cost of the products is usually discounted in peak time occasions such as weekend, holiday (Chevalier et al., 2003). Srinivasan et al. (2014) described that among a lot of companies about consumer goods, their main focus is to invest on sales promotional price strategy. Besides, he also pointed out the importance of promotional pricing which are promoting more products as well as gaining more attention from potential and current customers. There are many retailers who are willing to offer promotional pricing as a sales incentive when at first propelling a specific product offering to potential purchasers (Empen et al., 2015). As a result, the demonstration of offering a temporary lower cost is to upgrade the adequacy of item deals endeavors to cost sensitive customers.
Promotional pricing somehow builds more values for the products in order to increase the sales. Apart from a lower cost, Promotional pricing builds an incentive by making an impression of time sensitive shortage. The products with promotional cost to be rare are much more valuable than the others items (Rao, 2009). In this way, most promotional campaigns are transitory. Promotional pricing can include many programs such as "buy one get one free" items, coupons, discounts, and so on (Business Jargons, 2018). In this thesis, the Promotional Pricing we want to focus on is pricing discount, because Zara only has discount pricing as their one and only promotional pricing strategy.

The lower promotional prices intended to convey consumers to the business where they are offered the promotional goods, just similar to the normal higher valued items (Kotler & Armstrong, 2010). We can say that the goal of this kind of sales is to motivate people to buy, to purchase when the demand might have been low or when the company in question has too much product in stock. The point of these deals is to motivate individuals to buy when consumers’ demand is lower than expectation or the stores has abundance stock. This strategy is probably going to occur towards the end of a product's life cycle (Rao, 2009).

3.4.3 Point of Purchase display

A point-of-purchase display (POP display) is a particular type of product promotion that is found close, on, or alongside a checkout counter. Its purpose is to attract the consumers' concentration on regarding items, which might be new items, or on special deals, and are likewise used to boost sales for special occasions such as holiday deals (Christmas, Easter, etc.). Point of Purchase displays can be standing display, rack edging, sham packs, standees, hanging signs, products islands, counter presentation units, show packs, billboards, poster, banners, etc. (Cestrian, 2018).

Areni (2008) had collected several researches to show that point-of-purchase display can help to profits from sales across products categories. By rearranging products and decorating them in special ways at retail stores, it would be a great feature brands and products display which can reveal the salience of factors impacted on buying decisions. In some certain markets where most of the advertising channels are restricted, even banned, the point-of-purchase displays is the only channels which can help to not only promote products, but also communicating valuable messages, promotional campaigns, etc. (Wakefield et al., 2002). Apart from that, Hickling & Miller (2008) also denoted that point-of-purchase display can act as an alternative channel in decreased advertising chances in traditional marketing landscapes.

3.5 Research connecting Product promotion and customer loyalty

According to Bagherzad et al. (2011) the gains and achievements businesses can be able to obtain can be increased from customer loyalty. Gummesson (1998) defines customer loyalty as the mutual association of brands/products has together with since the customers are the
ones who bring the revenues to the companies. For this reason, loyalty relationship is a great procedure to develop sustainable relationship and approach from businesses towards their consumers (Moorman et al., 1992). For Zara then, to increase customer loyalty is a key point to focus on. To optimize companies benefits and performance is important, since it will lead to customer loyalty. The actions the company takes will then impact on building a relationship with customers. Those actions are significant since they will onwards lead to customer loyalty which can bring great gains for the company.

As mentioned above, customer retention and customer satisfaction can also influence customer loyalty. Isoraitė (2015) means that it is cheaper for a company to attract new customers than to keep the old ones, that have purchased items from the brand/company before (loyal customers). Nevertheless, after an analysis, Isoraitė (2015) comes to the conclusion that even though loyal customers might be harder or more expensive to keep for the company it brings much more benefits. Loyal customer can for instance do “mouth-to-mouth” advertising, recommending the company to others and talking positively about it (the brand/company). At the same time, if the company launches a new proposal, loyal customers will be more receptive to try it since they already are familiar with the brand. Those consequences mean for the company that the company does not need to invest such a big amount of money into advertising since loyal customers do already advertise the company through oral advertising and get easily attracted by the brand and its promotions. Isoraitė (2015) agrees with Khadraoui and Gharbi (2008) achieving customer loyalty (loyal customers) the company does not need to start from the beginning with these customers and as a consequence does not need to invest a high amount of money, staff time and energy on them. Thus, leads to the conclusion that loyal customers might be harder to keep but in the long term it pays of and customer loyalty becomes cheaper for the brand (in the long term).

3.6 Development of Conceptual Model

The conceptual model of this research will be based on different theories of different elements of Promotion, Customer Satisfaction, Customer Retention and Customer Loyalty. This part will introduce the theoretical elements as well as hypotheses, especially the conceptual model we use in this research.

3.6.1 The relationship of Promotion towards Perceived Quality

Alenazi et al., (2015) conducted several studies and concluded that promotional context factors can affect the relationship between promotion and perceived quality. Reinforce the perception of quality of a product through quality guarantees for instance, helps to create a better image of the product/brand perception (Alenazi et al., 2015).

Lichtenstein (1993) indicated in his research the about the perception of price from consumers and its adjustment based from promotional discounts which could be the negative as well as positive element in defining the perceived quality of products.
Monroe and Krishnan (1985) came up with the model about the correlations between price, quality perception as well as value, etc. and it has been utilized by Zeithaml (1988) to identify the relationship among the promotional pricing towards perceived quality of customers about products they choose. In addition, this model shows that the change of price acts as the key external factor to stimulate consumers perception about the products as well as their purchasing decision. Different people have different perception about the cost of products, some may think it should be higher, some may think in the opposite ways which is lower (Monroe and Krishnan, 1985). Consequently, the differences from their cost perception of the products leads them to different perceived quality as well as monetary sacrifice. Monroe and Krishnan (1985) also points out a very important point, which is the products with higher price may bring the perception of higher quality to the buyers.

Lee et al. (2018) did apply the model of Monroe and Krishnan (1985) and Zeithaml (1988) to test and clarify the impacts of promotional pricing on consumers perception of products’ quality. The results of this research did confirm the positive support of discount price to consumers perceived value, which means, when the price of the products is high, it leads to their high perception about products quality.

On the other hand, several studies recently from Darke and Dahl (2003), Dorzdenko and Jensen (2005) and even Kocas and Bohlmann (2008) show that the connection between promotional price and perceived quality includes both negative and positive to each other, not only positive one. They proved that the impacts of promotional cost on buying intention of customers is actually the integration of both positive as well as negative effects combined from economic, informational and affective factors.

**H1. There is a positive association between Promotional Pricing and Perceived Quality**

Several studies have been done over the past years on which its described that when a display is well designed to express the quality of products effectively, the consumers tend to feel more attracted to the section of products’ quality that are highlighted on that specific display (Ekman, 2016). However, in order to be able to capture a positive decision making from the consumer, that POP display needs to be deliver to people the well perceived quality of products (Ekman, 2016). Breugelman’s and Campo’s (2001) study also reported similar findings on this field.

There is a relationship between the Point of Purchase Display in-store and the Perceived Quality of customers about the products, which has been proven by the research from Cengiz, et al. (2007). That research implied the effects of product displays in retail stores on perception of consumers about the products displayed on it. Besides, the findings from Beristain and Zorrilla (2011) also present the similar results which support the strong relationship among these two factors.

**H2. There is a positive association between Point of Purchase Display and Perceived Quality**
3.6.2 The relationship of Promotion towards Perceived Value

Promotional Price is one of powerful and impactful marketing strategies which effects on consumers’ behaviors and perception in their buying process about the value they perceived from the products and this can also make impact on business sales profitability (Han et al., 2001). Moreover, this is also a critical requirement that customers nowadays use to evaluate goods and becomes an influential factor on perceptions of customers (Yükselen, 2008).

Currently, businesses especially the one in fast fashion industry are focusing more on product such as the price promotions and use different research to see whether it can increase product value. To do so, the literature of Peattie & Peattie (1994) about value price-based promotions has been applied. The costs of goods which set under promotional offers relate to the Value increasing promotions. One of those is adjusting the price of products to increase the value of the promotional offering as well as the products themselves.

Campo and Yagüe (2007) concluded an empirical study on how promotional pricing effects on the perceived value of a product by the consumers, increasing their purchasing intention. It helps to build in consumers’ minds the perception of price decreased which sounds a favorable financial deal with better value of products in return. Thus, we can say that promotional pricing has an impact and its connected with customer satisfaction when it comes to perceived value of a product from a customer point of view.

**H3. There is a positive association between Promotional Pricing and Perceived Value**

When customers are in the store, it is critical to attract more attention from customers to the products and its offer, and to do so, retailers need to create proper strategies for point of purchase display management (Bezawada, 2009). So many consumers determined the satisfaction by perceived use value from the products and the after service operated by the businesses. This one was explained in Rajagopal’s study in 2008. In addition, this study also mentions that perceived advantages of the goods from customer reveals a higher degree of their response to the display promotions.

The research from Achabal et al. (1987) describes that the impacts of nutrition promotional products displays on customers’ behaviors towards the buying intention of new items. Customers have more perceptions about the products and offer values thanks to the point of purchase display. Moreover, they guaranteed that the perceived nutrition from the goods plays a key important role during the purchasing decision making process, and then, it may lead to their purchasing behaviors.

Different studies have interconnected POP display with the perceived value. Chandon et al. (2009) discussed that a positive out-of-store usage of the brand, will lead to an increase in-store attention and consideration, consequently, adding and increasing the perceived value that the customers will be aware. At the same time, Sands, Oppewal and Beverland (2008) concluded on their study that when a store makes use of the in-store display (named also as “experiential event”) the overall consumer expectations of the shopping experience
increases. On which these POP display events can be determinant of how consumers evaluate an in-store encounter (Sands et al., 2008).

Rajagopal (2008) claims that visual effects decoration associated with promotional products displayed on Point of Purchase items in the retail stores often stimulate the consumer purchasing behavior impressively. This research also mentions some items which are used popularly for the display such as the brochures, posters, leaflets, etc. which can help to maximize the perceived value of using the goods and motivational relevance decisions to buy these products at stores. Furthermore, the product displays which reveal emotional visuals can help to drive the perception of customers and activate the expected satisfaction value towards products (Codispoti & De Cesarei, 2007). Thus, the store of retailers which develop great visual attention as well as visual stimuli at the Point of Purchase display can optimize the perceived value of consumers to what they paid for (Rajagopal, 2008).

**H4. There is a positive association between Point of Purchase Display and Perceived Value**

### 3.6.3 The relationship of Promotion towards Attribute

Promotional pricing directly connects with products attributes, on which Lamb et al. (1993) agreed on the importance of price and its adjustment due to promotional pricing while listing or naming product attributes. Lamb et al. (1993) also indicated that by correctly offering the right product with the right attributes, companies are able to enhance their customer relationship.

Zeithaml (1988) talked about the way consumers react with consumer price discount and that helps them to identify more about the quality of products and its attributes. In the case of premium brands and products, according to Aaker (1996), the premium promotion price of these goods does make consumer satisfied and enjoyed it more due to their high perception of products’ attribute with more qualified materials and high standard designs, etc. Besides, cost discounted delivers perception to consumers about how they compare and evaluate both of functional as well as emotional values of different products and brands’ attributes and characteristics (Cobb-Walgren, et al., 1995).

Andrew et al. (1999) indicated that promotional price can help to navigate consumer behaviors to stimulate them to purchase more goods, and/or, buy the products with more frequencies. However, the research also mentioned about the short-term effects of this tactic. Nonetheless, it can be possible to generate the long-term impacts for discount pricing strategy from customers who used to experience the negative impacts of consumers’ reactions towards the change of products and brands attributes. Consequently, we can see the importance of attributes towards consumers’ perception from promotional pricing.

**H5. There is a positive association between Promotional Pricing and Attribute**
The objectives of using Point of Purchase display are not only calling attention from consumers, differentiating with competitors, but also introducing to them products’ attributes and developing image of brand (De Pelsmacker et al., 2004).

The in-store promotional display can maximize sales performance of businesses by featuring the brand and products’ characteristics in the proper ways (Grover & Srinivasan, 1992). However, the impacts of that will be different based on each situation and strategy (Areni at al., 2008). In addition, it can also cause failure expose the good attributes to consumers (Kumar & Leone, 1988).

In an undeniably aggressive market, businesses depend on brand and product attributes to build awareness, deliver main attributes as well as qualities or benefits, and call attention from the customers (Keller, 1993). It will be a crucial step at the outlets to attract customers and make a good impact on their consideration as well as purchasing progress by showing these attributes the appeal ways.

**H6. There is a positive association between Point of Purchase Display and Attribute**

### 3.6.4 The relationship of Promotion towards Customer Relationship

In the market, there are a lot of options for customers to choose among various of brands and products which make it more competitive to build strong relationship with customers. Mooalla (2010) emphasized the role of adjusting promotion pricing to build more interactive connection towards consumers as well as brand loyalty. Switching as well as adjusting promotion price can affect the loyalty of consumers by enhancing customer relationship (Gremlera, 2006).

Adding information, the PMA/Northwestern University 2002 research about Promotion and Brand Building announced that the role of promotional pricing in developing consumers’ experience then build up a strong relationship with them. The research of Van Heerde and Neslin (2008) proved that there is existence of positive relationship between discount price and relationship with customers in long-term shaping their behaviors. Some authors like Hinkle (1965), Chen and Monroe (1998) or Lattin and Bucklin (1989) found proof that when a company applies price promotions, customers end up being familiar with the company itself.

Customer satisfaction as consequence of good customer relationship will be generated when the discount cost is lower (Zeithaml, 1988). In contrast, there is still a risky scenario that consumers use price as the key to mark the concern. Explained by Oliver (1997), if the cost is lower than normal, it is possible to cause nothing impact on satisfaction, or, even make it lower. Usually, consumers have the tension to satisfy or not satisfy with the services or products by judging the price or price perception based from equity value. As a result, it affects on relationship that business want to build with consumers.
Martin (2007) researched and showed the inclination between price discount in relation with customer relationship. This research describes about the term of price fairness, which is the judgment of consumers when they assess whether the promotional price is suitable and acceptable with their expectation. Tereza and Monika (2015) showed in their research about the cost discount would be different based on the relationship between consumers and businesses. Some companies have loyalty programs for their regular buyers and they will be rewarded more discounts than others. Furthermore, that is derived by different products ranges and the chosen services by customers.

Hence, business must develop the valuable integration of not only products, but also the services offers including promotional price to satisfy customers as well as build up the relationship towards consumers (Keefe, 2004).

H7. There is a positive association between Promotional Pricing and Customer Relationship

One essential consideration drawing in way is the utilization of visual boosts on POP Display. Horstmann (2017) and Von (1925) hypothesized concentrated on the where: we let our eyes meander constantly over the visual field until we focus and spotlight our sight on something intriguing or new. As it were, the data of another item can call consumers’ attention. A great and special Point of Purchase communication will catch more concentration from customers if it is something that match shopper needs, and giving a result, it builds up the strong relationship towards the consumers based on that needs and their deliverables.

Displays that are in spots where customers are bound to look will surely stand a better possibility of getting purchasers’ consideration and being a good base to develop the potential customer relationship. As a result, it is a smart way to have POP displays at the eye level in the store (Wang & Lang 2012).

There are different kinds of customer relationships built from Point of Purchase display at retail outlets and all of them are based from loyalty building (Rajagopal, 2007). Most of the effective marketing approaches (such as relationship marketing, consumer-driven-marketing, integrated marketing, etc.) include 2-way-communication built from listening to consumers carefully and interact with them through impactful communication before-during-post purchasing decision, and Point of Purchase Display is one of the most effective tools to deliver that. Thus, explained by Duncan and Moriarty (1998), this could help to enhance customer relationship from the impactful Point of Purchase communications. Visual effect grabs consumers’ visual eye and they pick with their eyes’ levels. In any case, they don't have any special visual search, however rather they are impacted by visual distractors. In this way, POP displays need to impart the promoted items’ characteristics through different components of design. It is essential that the POP Display content and design have their most prominent effect on buyers’ choices (Forgiving 2007).

Nordfält (2011) considered parts of improving the POP Display’s catching capacities by changing the structure, design, content and different components gathered in one special
POP Display. More than 10,000 customers were seen as they moved toward special POP Display and it was discovered that retailers can impressively increase the sales volume by changing from one POP Display to a new more compelling in coordinating customers’ observational behaviors. Thus, changing POP Displays properly can improve their effects on consumers decisions, feelings and perceptions towards brands and products which affected directly to customer relationships (Nordfält, 2011).

**H8. There is a positive association between Point of Purchase Display and Customer Relationship**

**3.6.5 The relationship of Promotion towards Trustworthiness**

Quintao and Prasonnguskarn (2017) conducted a study and concluded that utilizing strategic price promotions to improve customer satisfaction by making impact on building trust in consumers’ perception towards brands and products, contributing to an increase on customers loyalty. Nevertheless, promotional pricing can be perceived trustworthy for the clients when the discount does not surpass the 20% (Jany, 2009). By the other hand, if that discount is larger than 20 percent can be perceived as untrustworthy (DelVecchio et al., 2006).

Harvard Business Review (2012) published a very insightful article about customer’s trustworthiness. Trustworthiness in marketing’s term is not only about how customer trust the brand itself, but also about how you believe in the information and value delivered by the brand and its products as well as services. People who do marketing seem to not aware of that correctly then they pay attention in promoting the brands, while their consumers care about the products and its benefits towards value and cost. Accordingly, if they have to pay the price while the received benefits is not expected, it will lose their trust from the brand and its products, which means the negative relationship between promotion pricing strategy and customer trustworthiness.

Apart from that, customers are wise and demanding, hence they seem to have doubts about promotional price offers and its value they can have, which can impact negatively to their relationship towards brand and its products/services. Clarifying about that, Ilec (2004) explained different perceptions and reactions of customers towards promotion. When talking about promotions, consumers in Ilec’s research will think of the decrease in the cost. Especially, 50% of the respondents have concerns about dropping the price and being “cheated” which proved that they totally lost their trust. Ilec also pointed out three reasons for that. Firstly, it is about the concern of actual benefits they can have from promotion discounts. Secondly, it is about the confusion on how to do to receive these benefits. Finally, consumers who don’t really understand what the values they can gain - reject the deal of promotion. These concerns would be even higher when different promotional discount programs happen at the same time and it makes consumers more difficult to experience and fully-access to all of those (Estelami, 1997). As such, Bréchet (2005) suggested that single
promotion activity could work, otherwise, multi-promotional-offer would have less impacts on consumers’ trustworthiness.

**H9. There is a positive association between Promotional Pricing and Trustworthiness**

It is critical to build trust in the consumers towards the brand or the business, the communications as well as services need to assemble compatibility with the customers to build and hold such trust. This can additionally be organized at the point of purchase communication where they can find the stuffs they need and feels that the item they have picked may serve their requirements and special needs (Hoyer & Mac Innis, 2008) which proves the relationship from POP Display with Trustworthiness to customers.

**H10. There is a positive association between Point of Purchase Display and Trustworthiness**

### 3.6.6 The relationship of Customer Satisfaction & Retention towards Customer Loyalty

Proof from earlier researches has shown that there is a positive and direct connection between perceived quality and consumer loyalty (Ha et al., 2011, 2009). Anderson et al., (1994) noticed that quality as a huge indicator of consumer loyalty and that this relationship was a critical indicator of prevalent returns on investment through repeat deals. The perception of consumers about quality of products and/or services connects strongly with consumers satisfaction which can be resulted from the expectations evaluated with a perceived performance (Rowley, 1998).

Souki and Gonçalves (2006) showed that perceived quality - which is a main factor to build customer satisfaction – and the loyalty of customers are strongly connected to each other and the relationship of these two factors become the critical component in businesses that should be more focused and researched carefully. In addition to that, the research from Oliver (1999) described customer loyalty as the ultimate consequence of consumers perceived product quality.

Moreover, Fornell (1996) found a positive relationship between promotional pricing towards customer loyalty. He mentioned that whenever the perception about quality of products increases, it can lead the satisfaction of customers rises as well and finally it helps to lift up the brand loyalty (Ha et al., 2011). This confirmed that resulting from the perceived quality of product or service, customer satisfaction can help to strengthen the brand loyalty (Bin et al., 2013).

Dodds (2002) and Tsiotsou (2006) presented in their research about some factors such as name, cost, product information, etc. can support to embed into quality perception of consumers. Another research also showed that the connection of Perceived quality and loyalty from customers are well supported (Bontis et al., 2007). Therefore, it will be critical
to enhance good perception of quality to distinguish the businesses to their rivals (Lin & Wang, 2006) and gain loyalty relationship from consumers towards the brands. They also indicated that delivering the high standard quality of goods and services can help to generate the distinctive differentiation which is the base to build positive customer loyalty relationship.

**H11. There is a positive association between Perceived Quality and Customers Loyalty**

The perception of value from customer is considered from the different angles of money, benefit, psychology (Ying et al., 2009). The most popular one is using monetary value to generate the value perceived from consumers when less is purchased for goods (Bishop, 1984). The key importance to maintain the loyalty in customer is the value they perceive and as a result, so many brands has been failed when they focus too much on their own profitability instead of true value creation towards their consumers (Reichheld, 1996).

Rust (2000) indicated that so many perceived value factors can affect in positive ways towards consumers repurchase intention. They can involve in changing intentions of consumers (Rust et al., 2004), as well as customer loyalty (Vogel et al., 2008). Ivanauskiene et al. (2013) showed that the perceived value as well as value equity and brand equity contributed a strong and positive to the relationship towards customer loyalty and was proper to predict loyalty from consumers. Furthermore, customer loyalty was emphasized as the superior consequence of consumer’s perception of products’ values Oliver (1999).

In order to achieve loyalty from customers, businesses and brands have to try their best to add more beneficial values to their products and services (Taylor et al., 2004). There was a notice in the research Lin (2016) about the connection of value perception and customer satisfaction which lead to customer loyalty. It mentioned that the satisfaction from customers is generated from their perceived value of the products or services. Moreover, Gronroos (2000) and Eggert and Ulaga (2002) had proved the capability of perceived value in making impact on loyalty relationship of customers.

**H12. There is a positive association between Perceived Value and Customers Loyalty**

Several researches have been implemented to identify the relationship between brand and products attributes towards customer loyalty. The results have been proved by Guo (2003). All of them agreed that by getting brand and product attribute involved, it could help the company to strengthen the loyalty of their customers. Guo (2003) showed that the attributes including brand and product’s personality, characteristic, etc. support dramatically towards consumer preference result to loyalty. Aaker (1996) explored that the way consumers treat the brands and products just like persons due to having their own characteristic, personalities, etc. Giving a result, consumers will expect from the brands and products to have human’s words, values, characteristic, etc. with different traits before they would be ‘friends’ together.
According to Govers and Schoormans (2005), buyers like the brands and products having increasingly particular attributes including personality, identity, etc, and all things considered, buyers are progressively acquainted with the brands and products they prefer which makes they feel more familiar and closer with. Their preferences will be for the brands and products which share the same characteristics, traits. Consequently, companies use marketing to help consumer realize the brand as well as product personality, then optimize their activities and communications to strengthen customer preferences and loyalty.

The attributes of brands and products must be developed consistently and maintain in long term. Moreover, it must be unique and easy to distinguish with the rivals as well as reflect their customers’ expectations (Kumar et al., 2006). In this research, the author also pointed the relationship between loyalty and brands/products attributes, especially in fast moving consumer goods which is positive and significant.

**H13. There is a positive association between Attribute and Customers Loyalty**

Reinartz and Kumar (2003) described the customer relationship as the key of not only CRM strategy in business, but also customer loyalty. For instance, Chow and Holden (1997) explored that maintaining good relationship customers can help the companies to achieve more benefits from loyalty of customers.

Apart from that, Evans and Laskin (1994) pointed out that one of the key objectives of Customer Relationship is to improve Customer Loyalty. Their findings showed that a great CRM strategy can develop the strong relationship with consumers which is the base to build their loyalty towards brands and products. Reinartz and Kumar (2002) suggested that companies can optimize social media as well as online marketing to not only building effective trading transactions with the consumers, but also building the strong connected relationship with them who are so potential to be loyal customers. Reinartz and Kumar (2002) believed that it would be better to do so rather than doing that in the real markets which are huge pools of mix potential and non-potential one.

Developing customer relationship is a good strategy that business can connect with their customers in long-term - which can be understood as customer loyalty - instead of short amount of time with very quick sales-oriented strategy (Johnston, 2019). Kevin Johnston also pointed out that paying attention to market research and consumer insight can help business to understand consumer’s needs, behaviors, demands, etc. and as a result, companies will know how to solve consumers’ concerns and problems by providing and executing the sales at the right moment with the right products accordingly. This can navigate different angles of customer loyalty. When companies develop the relationship with customers slowly, it means that they try to enhance their own image as a business or brand who cares about their customers.

**H14. There is a positive association between Customer Relationship and Customers Loyalty**
Trustworthiness is one of the key constructs of customer loyalty and also has an impactful connection to enhance loyalty towards customers (Aydin & Ozer, 2005; Chen & Xie, 2007; Du Plessis, 2010). To build Customer Loyalty, it is crucial to agree that trustworthiness is most important (Thompson et al., 2014). Moreover, few studies have also focused on the direct relationship of trustworthiness with customer loyalty (Drennan et al., 2015; Moolla, 2012) finding a direct and positive relationship among them.

When customers have trust in brand and products, that helps them to be more secure and confident about their own future purchase transactions with these products, which can affect and result their behavior and loyal later on (Rootman, 2006). Rootman (2006) also mentioned that trustworthiness can impact on customer loyalty by approaching their perceptions to build the relevancies among brands and products’ values and customer expected values, which can result remarkably to customer satisfaction as well as customer loyalty. Developing trust towards consumers is also considered as impactful method to enhance customer relationship. Customers will keep being in that relationship as long as they still believe in the value and benefit in the products or services they purchased, and consequently, they become the loyal customers. Rootman (2006) also showed that both of customers and product/service providers have their own expected benefits that they look for in the relationship. While customers are looking for the satisfaction through the value, quality of products and services, the companies are trying to look for not only profits but also the long-term relationship with their customers which is customer loyalty (Wetsch, 2005).

**H15. There is a positive association between Trustworthiness and Customers Loyalty**

The following figure presented below (figure 1), presents the linear connection of the conceptual model connecting the variables presented on this chapter. As we can see from left to right, promotion directly affects customer satisfaction and retention, thus leading to customer loyalty. The confirmation of this model, will be verified at the end of this research.

![Figure 1. Conceptual Model from Promotion towards Customer Loyalty](image-url)
The list hypotheses are summarized as below table:

**Table 1. Hypotheses**

<table>
<thead>
<tr>
<th>Abbreviations</th>
<th>Hypotheses</th>
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<tr>
<td>H1</td>
<td>There is a positive association between Promotional Pricing and Perceived Quality</td>
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<tr>
<td>H2</td>
<td>There is a positive association between Point of Purchase Display and Perceived Quality</td>
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<tr>
<td>H3</td>
<td>There is a positive association between Promotional Pricing and Perceived Value</td>
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<tr>
<td>H4</td>
<td>There is a positive association between Point of Purchase Display and Perceived Value</td>
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<tr>
<td>H5</td>
<td>There is a positive association between Promotional Pricing and Attribute</td>
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<td>H6</td>
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<td>H7</td>
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4. PRACTICAL METHOD

In this section, we will explain how we will practically approach our research question. We will provide with different information regarding the sampling method used to conduct our survey, the technique used, how we collected the data that we needed and the access to it. Moreover, we also get in depth in to how we structured the survey and why, as well as our data loss, data preparation, source of criticism as well as ethical issues considered.

4.1 Sampling

To be able to give an answer to our research question, we found imperative the usage of a sample of a part of the population. The population that we aimed to target are Zara’s customers – the one who used to buy clothing items from Zara stores. There are different reasons under why the usage of a sample. To start with, it is essential to determine who will be our target on the study and how we will be able to reach them. In order to better contextualize the reader with the numbers of customers that Zara can potentially have, its being noted in the annual report of Inditex (2017), that they have reported 2.418 million views of their web pages in 2017. Leading us to think that the number of consumers (potential and existing ones) that Zara has nowadays, is far beyond our target capacity. Time and budget constraints would impede a research of the entire population (Saunders et al., 2009, p. 212). Based on the quantitative nature of our survey, we can identify two main sampling techniques that we can make use of: probability and non-probability sampling. On the first one, each case possesses the equal chance of being selected from the population, and the likelihood of each selection is known. On the second one, non-probability sampling includes an unknown probability of each case being selected (Saunders et al., 2009, p. 213; Shiu et al., 2009, p. 470).

Due to the fact that it is estimated that not all the members of the targeted groups were online during the uploading time of the survey in to different social platforms, we had unequal chances of targeting its users, consequently, that lead to a non-probability sampling technique for this research. Concretely we have made use of convenience sampling technique, on which members/users are selected based on their availability (Saunders et al., 2009). It is known that convenience sampling has drawbacks when its used. Shiu et. al., (2009), commented that this kind of sampling technique has difficulties in both, its representativeness, and its loss control of the data collected. Leading inevitably to assume the possibility of a snowball sampling technique, which Shiu et. al., (2009) commented that it involves identifying and qualifying a set of initial prospective respondents, thus helping the researcher identify additional people to include in the study. However, this case cannot be applicable in our research, but it is worth to mention the possibility of such. Furthermore, the sampling method selected, convenience sampling, can also be seen as a container of high self-selected biases, as described by Leiner (2017). In order to avoid the aforementioned self-selective bias in our sampling, we have not chosen the respondents based on our own personal preferences. We can argue that the only “bias” that could have appeared towards choosing sample of the population studied, it was during the creation of the messages to
reach potential respondents on which we used a self-selective method in order to be able to do so.

Beside random sampling strategies, there is purposive sampling technique. Fundamentally, purposive sampling technique portrays the determination of sampling units as to the research question with the goal to explain it well. With this technique, the characteristics and criteria of the sample are resolved before the study itself is done (Bryman & Bell, 2015, p. 430). It is crucial to basically see whether the ideal attributes of the expected population’s characteristics is relevant to the study and the picked sample is proper to these characteristics (Silverman, 2011, p. 388). Moreover, this technique is not quite popular to be applied in a big scale of research as it is difficult to get carefully valuable estimations because of the bias risk when deciding choice of the examining units (Murthy, 1967, p. 37).

The questionnaire used in this research is focused on Zara consumers as mentioned above. Besides, the thesis focuses on Spain market, so selected consumers must be based in Spain. We had to make sure that these ideal characteristics of consumers would be included in the sample. As such, we identified the characteristics of the sample to collect the data, that lead us to use purposive sampling technique as the best match to get valuable results regarding to our research. The link to the survey which includes our questionnaires is shared on social media, especially in several Facebook groups and Twitter with topics and hashtags that focuses on fashion lovers, fashionistas and fashion shopaholic.

4.2 Access

Once our survey was complete and rightly validated according to what we wanted to achieve with it, we created a direct link to the study using the free tool provided by Google, in this case, Google Forms. Once we had the link, we uploaded it to different preselected places that suited best our needs.

In order to approach our research question, we had the need to collect relevant samples from the population that we wanted to study. To do so, we uploaded our survey on Twitter regularly from April 1st to April 30th. Following a basis of 3 times per day being these morning, afternoon, and evening as the most optimal time of the day to post (Lee, 2016) with a regular impact of 160 views per “Tweet”, accompanying each “Tweet” with different “Hashtags” regarding our matter of interest #zara or #moda (Spanish word for fashion). Furthermore, Facebook groups were also utilized in order to have a broader impact on our study as well as Reddit forums, such as Barcelona, Madrid or Bilbao (Spanish big fashion hubs). We also chose to use Reddit (forum-based website) due to its popularity among young people, and for being a significant source of direct communication among people who share the same topics. Our social media impact was done keeping Spanish as our main communication language due to the nature of our research (Spanish market), meaning that all our Twitter posts, Facebook and Reddit, were done in Spanish.
4.3 Data Collection

Different methods of data collection were taken in order to approach quantitative studies. Market research data can be mainly divided into two types: primary and secondary (Wolf, 2016). This first one, primary, the data is collected mainly to address the issue and is conducted by the decision maker, being this, a marketing firm, university or researcher (Curtis, 2008). Furthermore, the usual sources for primary data are interviews, surveys (on focus groups) and social media monitoring. By the other hand, the aforementioned secondary type of analysis is an empirical exercise that also applies the same research principles as studies utilizing primary data, having steps to be followed like any other research method (Johnston, 2014, p.619). Meanwhile, secondary data is based mainly on public statics, direct companies’ websites, research report and trade publications (Wolf, 2016). From that, we concluded that the sources for secondary data are based on the results extracted from primary data.

On the other hand, we came to the conclusion/decision that to use primary data was the best option in order to be able to answer our research question. The previous literature review (chapter 3), as well as our conceptual model (chapter 3, section 3.6), provides a precise and clear overview of the hypotheses that we aim to test with the developed questionnaire.

Questionnaire is relevant to ask for more information and collect data properly (Malhorta & Birks, 2006, p. 61). It requires respondent to answer independently. There are different ways to deliver the link of survey to target respondents such as email, facebook, twitter, etc. or face-to-face surveys. We decided to seek for a digital survey due to the following reasons. On the first place, surveys are an excellent way to gather significant amounts of respondents and information from a given population (Wolf, 2016). Secondly, as students living in Sweden, it would be easier, cheaper and in the end, the most effective way to reach our market target most efficiently. The face-to-face seems to be harder to execute in Spain due to long-distance and time-consuming challenges. The online method is more practical due to cost advantage as well as the time efficiency. However, it could cause the high ratio of non-response rate. To limit this ratio of no respondent, potential and target respondents are approached via social media fashion’s groups, especially on facebook’s groups and twitter’s community, as well as private message to send to members in these groups and communities. Some reminders are posted daily to call more attention and remind people to answer the surveys.

4.4 Survey Construction

In order to be able to rightly answer our investigation about how Zara’s promotional activities affect customer loyalty, we considered a self-administered online questionnaire (see Appendix 1 and 2) being this the most appropriate way in capturing the aforementioned in a timely, practical and cost-effective manner (Saunders et al., 2009, p. 365). The aforementioned questionnaire has different phases of development. At the beginning, we mainly focused on searching for theories that would support our study (see Appendix 3) exemplifying in the best possible way the constructs that we wanted to analyze (we will
examine each construct later). Once we had the certainty and security that each construct of the survey was well supported and represented in a theoretical level by different questions and theories, we proceeded to carry out the following parts of the questionnaire:

The first part of the development of the survey is comprised of different stages of development thereof. By having explained in general terms the theoretical support of the questions, the next step was then to create a presentation that would capture the purpose and intentions of our study in a concise but direct way. In order to do this, our survey contains information regarding the different aspects we wanted to convey.

We introduced the survey with a cordial introduction, trying to be close to the reader aiming to make him/her to find it pleasant and familiar while answering the survey. Right after the cordial greetings to the reader, we made a brief presentation of both researchers who are conducting this study (us): "We are two students from the MSc of Marketing program at Umeå University (Sweden)". Then, being brief but direct in our demands, we made sure that the target audience of this questionnaire knows: first, who we are, secondly what we are doing and third, what we need from the respondents: "We're conducting this research on the impact Products' promotion on Customer Loyalty in the case of Zara. Therefore, we'd love to hear about your current experiences and feedbacks from shopping clothes at Zara". After referring and explaining what we need from the respondents, we made it clear that the study that we are conducting has no commercial purpose. “This research is only used for this study, not for any commercial purposes." This aspect of the introductory part of the survey is vital to clarify since there are those who are reluctant to participate in surveys with commercial purposes. Following this introductory part of the survey, we made sure to clarify to the respondent what will be the maximum time the survey could require from them. At the same time, we pointed out/highlighted the fact that their answers would be completely anonymous: "This should only take 5 minutes, and your responses are completely anonymous". As a final note to this introduction to the survey, we thank the respondent for his time and dedication to our questionnaire.

In conjunction with the presentation of the survey, this first part (of the three) includes three control questions about the respondents: "What is your age?"(question 1), "What is your gender"(question 2) and "Have you ever bought clothes at Zara"?(question 3). With this last question, if the answer of the last question is negative by the respondent (as has happened), the survey would be finished. The consequence of that action is then, that the respondent will jump directly to part 3 of the questionnaire, skipping entirely part 2. At this point, we will thank the respondent for their time and participation on our survey.

In the case (majority) of concluding the first part with an affirmative answer to the third question, the respondent would be redirected, in this case, to the second section of the questionnaire. Since the survey itself has 28 questions (measured with an attitude scale) divided into eight different constructs, we have preferred to include all of them in the same section, thus reducing the time the respondent has to carry out the survey. The reason behind that decision is because by increasing the number of sections there is a risk of wearying the respondent with them. As an extra addition to the survey, we added an optional completion question at the end of the questionnaire (question number 33), in which we gave the
respondents the option of writing the answer to a question we proposed: "To What extent does a strong relationship with Zara increase your loyalty to the company? ".

Previous to the first construct, we have a control question. In question nr.4, the respondents are surveyed on a shopping frequency scale (based on “How often do you buy clothes from Zara?”). The first construct we analyze in the survey is about Promotional Pricing, which we can see in table 2 (right below). The questions associated with the aforementioned construct have been taken from Sproles and Kendall (1986); Sproles and Sproles (1990) and Lichtenstein et al. (1993). The responses are measured on a scale of 1 to 5, being 1 Totally Disagree and 5 Totally Agree.

Table 2. Survey Development: Promotional Pricing

<table>
<thead>
<tr>
<th>Promotional Pricing (Q5-10)</th>
</tr>
</thead>
<tbody>
<tr>
<td>● The price of Zara's clothes is a good indicator of its quality.</td>
</tr>
<tr>
<td>● You are always willing to pay a bit more for the better Zara's clothes.</td>
</tr>
<tr>
<td>● When shopping at Zara, I compare the prices of different clothes at its stores.</td>
</tr>
<tr>
<td>● Clothes at Zara which is on sales/discounts is a reason for me to buy it.</td>
</tr>
<tr>
<td>● Fashion Brands with Sales/Discounts have my higher priority than other brands to buy clothing products.</td>
</tr>
<tr>
<td>● When Zara has Sales/Discounts, it makes me want to buy more products from them.</td>
</tr>
</tbody>
</table>

Table number 3 (which can be found below) contains the questions in relation to the POP Display construct. The questions used for this, have been taken from different authors who analyzed this field: Parasuraman et al. (1988) Wolfinbarger and Gilly (2003), Gaski and Etzel (1986). As in the previous table, the answers are measured on a scale of 1 to 5, being 1 Totally Disagree, and 5 Totally Agree.
Table 3. Survey Development: Point of Purchase Display

<table>
<thead>
<tr>
<th>POP Display (Q11-16)</th>
</tr>
</thead>
<tbody>
<tr>
<td>● Product displays and visibilities at Zara stores are visually appealing to catch attention</td>
</tr>
<tr>
<td>● Displays and visibilities at Zara stores provide needed information about the products and services</td>
</tr>
<tr>
<td>● Most Product displays and visibilities at Zara stores makes right claims</td>
</tr>
<tr>
<td>● Product displays and visibilities at Zara stores give me the comprehensive benefit info of its usage</td>
</tr>
<tr>
<td>● Appealing Product displays and visibilities at Zara stores make me want to buy more clothes.</td>
</tr>
<tr>
<td>● Product displays and visibilities at Zara stores made me spend more time in the shop.</td>
</tr>
</tbody>
</table>

In the following table (Table 4), we can find the questions related to the construct *Perceived Quality*. The questions used in this section are taken from Ammar et al., (2015). As in the previous table, the answers are measured on a scale of 1 to 5, being 1 Totally Disagree, and 5, Totally Agree.

Table 4 Survey Development: Perceived Quality

<table>
<thead>
<tr>
<th>Perceived Quality (Q17-19)</th>
</tr>
</thead>
<tbody>
<tr>
<td>● When I go shopping at Zara, quality of clothes matters</td>
</tr>
<tr>
<td>● When I go shopping at Zara, quality of clothes influences my satisfaction</td>
</tr>
<tr>
<td>● Whenever I go to buy clothes in Zara, I always pay strong attention to quality</td>
</tr>
</tbody>
</table>

Subsequently, we have Table 5 with the construct *Perceived Value*, on which its questions were taken from Lichtenstein et al. (1993) and also Ammar et al., (2015). As in the previous table, the answers are measured on a scale of 1 to 5, being 1 Totally Disagree, and 5, Totally Agree.
Table 5. Survey Development: Perceived Value

<table>
<thead>
<tr>
<th>Perceived Value (Q20-23)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• I would continue to buy products in Zara even if the prices were increased somewhat</td>
</tr>
<tr>
<td>• The price of products I have bought in Zara is reasonable considering the value I receive</td>
</tr>
<tr>
<td>• The clothes I buy at Zara's stores must be worth my money spent.</td>
</tr>
<tr>
<td>• The clothes I buy at Zara's stores must be worth my time spent.</td>
</tr>
</tbody>
</table>

Attributes is the construct that follows up on the questionnaire, with different questions that pretend to give "light" in the construct that is being analyzed. The questions are gathered from previous studies from Ammar et al., (2015). As in the previous table, the answers are measured on a scale of 1 to 5, being 1 Totally Disagree, with the question and 5, Totally Agree.

Table 6. Survey Development: Attributes

<table>
<thead>
<tr>
<th>Attributes (Q24-25)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• I believe that product attributes of clothes bought from Zara influence my satisfaction</td>
</tr>
<tr>
<td>• Positioning of the Zara's clothing product can play a vital role in creation of my perception.</td>
</tr>
</tbody>
</table>

After evaluating the attributes, we measure the Customer Relationship construct (table 7) based on studies already carried out on the same subject. We are based on the studies of Ammar et al., (2015). As in the previous question tables, the answers are measured on a scale of 1 to 5, being 1 Totally Disagree, and 5, Totally Agree.

Table 7. Survey Development: Customer Relationship

<table>
<thead>
<tr>
<th>Customer Relationship (Q26-27)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• A brand image of Zara affects my wish to buy company’s products.</td>
</tr>
<tr>
<td>• I prefer Zara to other brands</td>
</tr>
</tbody>
</table>
Concluding with the tables, we have two more constructs, which have helped us to evaluate different variables. Firstly, we have Trustworthiness (table 8), which serves us to assess how trustworthiness impacts on customer loyalty. Once again, the questions we have used to evaluate this variable are from Ammar et al., (2015). As well, the answers are measured on a scale of 1 to 5, being 1 Totally Disagree, and 5, Totally Agree.

**Table 8. Survey Development: Trustworthiness**

<table>
<thead>
<tr>
<th>Trustworthiness (Q28-30)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• I believe that Zara can delivering their promised values/benefits.</td>
</tr>
<tr>
<td>• I believe that my time spent buying clothes at Zara is worth it.</td>
</tr>
<tr>
<td>• I believe that Zara is honest in providing their after sales services.</td>
</tr>
</tbody>
</table>

To conclude with the analysis of the construction of the central part of our survey, we have the last construct that we have used to respond to our research, this being Loyalty (table 9). Once again, the questions we have used to assess this variable are from Ammar et al., (2015). As well, the answers are measured on a scale of 1 to 5, being 1 Totally Disagree, and 5, Totally Agree.

**Table 9. Survey Development: Customer Loyalty**

<table>
<thead>
<tr>
<th>Loyalty (Q31-32)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• I would recommend Zara to a friend</td>
</tr>
<tr>
<td>• If asked, I would say good things about Zara's products</td>
</tr>
</tbody>
</table>

As we mentioned during the presentation of the construction of the survey, we used an attitude scale for the design of the survey. The choice of this has been because it captures the beliefs of respondents in a reliable manner. As well as a scale of value from 1 to 5 understood as hybrid ordinal-interval scale. Which is described by Shiu et al. (2009, p.394) as "artificially transformed into interval scale by the researcher". As we mentioned previously, we have only included a descriptive section at the ends of it. Both in the negative end, being the left (e.g. 1 = Totally Disagree) and in the end point of this (e.g. 5 = Totally Agree). In this way, only the poles of the survey are distinguished / described by us, “leaving the in-between numerical descriptors to the notion of the respondents” (Shiu et al., 2009, p 396).
4.5 Data Preparation

As previously mentioned before, the quantitative questionnaire that we have conducted was created through the free software provided by Google, Google docs forms. We decided to choose this provider due to its ease of use, and from being easy to use, intuitive, and provides useful data. Once the survey deadline was approached, we then exported the results obtained from google forms, to Microsoft Excel. Once we had our data sorted, we then exported it to SPSS (software specialized in statistical analysis). With the software in question, we then conducted several statistical tests including linear regressions.

4.6 Data Loss

The results obtained from the quantitative study have been satisfactory for us, with a low percentage of negative responses. We understand as negative/unfavorable, the questionnaires which the respondents answered that they had never bought clothes at Zara (question number 3 of the survey). These negative responses represent only 10 of the 167 answers obtained. During the time that we had the survey active in the different platforms mentioned before, we were able to track down the number of interactions that this had throughout the day only on Twitter. Being that seen/interacted by an average of 160 people daily. This leads to a 5.99% of data loss from the total. Thus, made the total number of useful surveys (that we obtain after sorting the inconclusive responses) of 157, so 94.01% from the total. Due to the nature of some platforms that we have used to upload our survey, we do not have information on the total number of interactions that our survey could have gotten in the aforementioned sites.

4.7 Source Criticism

To be transparent and to emphasize the validity of this study with regard to the method used, the most predominant advantages and disadvantages will be discussed. After conducting the study, we are aware that there are different factors and decisions that we have taken that may have affected the final result of the thesis. As well as the method used for the survey, non-probability sampling. The linguistic barriers that we had were that none of the two researchers are native English speakers. At the same time, there could have been possible linguistic failures in the translation of the survey from English to Spanish as well, this affecting the possible final interpretation of the questions.

On the one hand, the choice of going after a non-probability sampling technique affects directly how the study itself can be interpreted. The results obtained with this study cannot be used to make statistical deductions about the general population, we can only offer general guidelines about what we have analyzed (Shiu et al., 2009, p.462). Given that we were aware of the diversity of the respondents, we chose not to use a nomenclature and academic language since we did not want to exclude potential respondents. We used a natural conversational language and sentences that were simple and easy to understand so
that the respondent would avoid any misunderstanding, thus in order to ensure that respondents understand and answer to important concepts of the questionnaire. We must emphasize that the development of the questionnaire itself was highly time-consuming, because of different factors. First of all, we needed that each question that was asked was theoretically supported as well as adapted to our needs. For example, some of the questions used were originally created to analyze on a general level a particular section of the reality, such as Promotional Pricing. The fact that we adapted that generality into something specific, such as Zara, may have distorted the theoretical origin of the same.

Mentioning the survey development itself, we can say that if we have had enough capital, the best way to have had translated thereof would have been through a professional/official translator specialized in this kind of work. We are aware that this would have been the best way to proceed in order to obtain a precise and reliable result of the original text, making our survey and the overall results more valuable.

4.8 Ethical Considerations

After processing all the data collected from the research, different ethical issues, in the focus of attention chose in the methods adopted and, in the form, and use of findings (David & Sutton, 2011, p.30). In other words, we mean that the information obtained from our survey is accurate and real data, which has been collected by informing the respondents about the protection of their private data. In this particular case, and as we mentioned above in this chapter (section 4.4), different issues that were of vital importance for us to communicate have been made clear.

Firstly, we found that “This research is only used for this study, not for any commercial purposes”, it is essential to highlight this point since there are people who are reluctant to participate in surveys or studies that have a lucrative purpose. As researchers, we believe we are responsible for the use of our questionnaire and the way we treat our respondents. That is why respect towards our respondents at all times is essential to create mutual empathy. By the side of the respondents, simply trusting us and initiating the questionnaire by themselves. From our side, being transparent and clean in terms of what we need.

Secondly, apart from confirming that the study we are doing is not for commercial purposes, we clarified that the privacy of our respondents is vital for us. On the opening lines of the survey introduction, it is settled: “your answers are completely anonymous”. Privacy (David & Sutton, 2011, p.43), is a critical element in the reciprocal generation of trust, recently mentioned. Altogether, we clarified what our intentions were for the study. It is noteworthy that we are aware about the problematic while reporting the results of the data gathered and the findings of the research. For this reason, we will not hide information or use very technical nomenclature in the aim to deceive the reader (Adams et al., 2007, p. 35). Nevertheless, the ultimate goal that we pursue with this research is to give a real and accurate picture of the results obtained in order to try to improve the development of the theory and practice.
5. EMPIRICAL RESULTS AND ANALYSIS

This chapter will show the results of our quantitative research and its analysis. First of all, the demographics, statistical reliability and descriptive statistics will be presented. After that, the empirical results from the different hypotheses will be described.

5.1 Demographics

We designed the survey to ask the respondents about their background information. The information gathered includes their gender and ages. The content of the survey is to ask about their behaviors when they go shopping at Zara clothing stores. Giving a reason, we put the question “Have you ever bought clothes at Zara?” to filter the respondents. If the answer is “Yes”, they will go to the next pages with different questions regarding to their clothing shopping behaviors at Zara. If the answer is “No”, the respondents will not have to answer any more questions after that. The total completed surveys recorded is 167. Due to the fact that there are 10 responses from people who have not been shopping at Zara which accounts for 6% of the total responses, 157 answers are accepted and valid for our quantitative research.

From now on, all of the results we mention below are just regarded to these 157 valid respondents. All of the 157 responses are qualified to access. In addition, all of the respondent answers every single question and follow strictly the rules and guidance without any blank or wrong answers. Regarding their demographics’ information, the ratio of male and female respondents is quite similar. As we can see in the Figure 2. Demographics of the respondents - Gender, we have 81 females participated in the survey which is 48.4% the total respondents, while the rest 76 males answered the survey which accounts for 51.6% the total responses. These two ratios are quite equal and can be good representation for our analysis later on.

![Figure 2. Demographics of the respondents – Gender](image-url)
The next information regarding demographic is about the ages of respondents. The age information was gathered by 6 different brackets including: 18-25, 26-35, 36-45, 46-55, 56-64 and over 65 years old. As we can see in the Figure 3. Demographics of the respondents - Age, the majorities of the research are from 26-55 years old, especially two biggest groups 26-35 and 46-55 years old with 28.7% (45 respondents) and 31.2% (49 respondents) respectively. There are 29 people from 56-64 years old segment which is 18.5% of the total respondents. Apart from that, 15 respondents are with the age from 18-25 years old and they account for 9.6% of total, while 9 respondents are over 65 years old which accounts for 5.7% of total answers of the survey. Also, these two groups have the lowest contribution to the research.

Figure 3. Demographics of the respondents – Age

This research is targeted on Spanish market. Hence, the surveys are in Spanish and were delivered in Spain to reach the right target audiences. As a result, the nationality of all respondents is Spanish.

5.2 Statistical Reliability

In order to not only check the internal consistency which is the reliability of the multiple-item measures, the Cronbach’s Alpha was used and calculated. Cronbach’s alpha is an important as well as necessary method in assessing the questionnaires in the research (Tavakol & Dennick, 2011) which was used to define and test reliability for a set of variables in our survey. Besides, the value of consistency’s coefficient should be from 0.7 and 0.95. However, it is possible to have exceptions when the generated value which is lower meaning than 0.6 (Tavakol & Dennick, 2011, p.54). Moreover, Tavakol and Dennick (2011, p.54) recommended that alpha need to be tested and checked for every single variable in the model used. Besides, according to Nunnally and Bernstein (1994), the reliabilities of variables which are close or above the value of 0.7 can be acceptable and deemed effectively for early stage of predict research. The results of Cronbach Alpha coefficient for 8 variables can be seen in Table 10. Cronbach’s Alpha for variables.
Table 10. Cronbach’s Alpha for variables

<table>
<thead>
<tr>
<th>Multiple-item measures</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotional Pricing</td>
<td>0.737</td>
</tr>
<tr>
<td>Point of Purchase Display</td>
<td>0.873</td>
</tr>
<tr>
<td>Perceived Quality</td>
<td>0.917</td>
</tr>
<tr>
<td>Perceived Value</td>
<td>0.808</td>
</tr>
<tr>
<td>Product Attributes</td>
<td>0.719</td>
</tr>
<tr>
<td>Customer Relationship</td>
<td>0.729</td>
</tr>
<tr>
<td>Trustworthiness</td>
<td>0.831</td>
</tr>
<tr>
<td>Customer Loyalty</td>
<td>0.894</td>
</tr>
</tbody>
</table>

As mentioned, the reliability coefficient of 0.7 or higher is considered valid in the research. As we can see from the above Table 10. Cronbach’s Alpha for variables, the alpha coefficient for all of the multiple-item measures are higher than 0.7, which proves that all of the items have relatively high internal reliability to be analyzed in our research. Furthermore, most of the Cronbach’s alpha results are above 0.8 which is really good score of being reliable and indicates a very high level of internal consistency for our scale. Especially, Perceived Quality claims itself as the most reliable measure when having the highest Cronbach’s alpha value of 0.917.

5.3 Descriptive Statistics

After calculating Cronbach’s alpha, we can determine descriptive statistics to obtain overall summaries of our numeric variables. By this, we mean determination of descriptive statistics such as mean and standard deviation. The full information can be seen in Table 11. Descriptive Statistics.
Table 1. Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotional Pricing</td>
<td>157</td>
<td>3.3206</td>
<td>.83856</td>
</tr>
<tr>
<td>POP Display</td>
<td>157</td>
<td>3.2452</td>
<td>.80343</td>
</tr>
<tr>
<td>Perceived Quality</td>
<td>157</td>
<td>3.7643</td>
<td>1.03518</td>
</tr>
<tr>
<td>Perceived Value</td>
<td>157</td>
<td>3.4522</td>
<td>.87392</td>
</tr>
<tr>
<td>Attribute</td>
<td>157</td>
<td>3.5255</td>
<td>.95205</td>
</tr>
<tr>
<td>Customer Relationship</td>
<td>157</td>
<td>2.9204</td>
<td>1.08088</td>
</tr>
<tr>
<td>Trustworthiness</td>
<td>157</td>
<td>3.3418</td>
<td>.89947</td>
</tr>
<tr>
<td>Loyalty</td>
<td>157</td>
<td>3.6401</td>
<td>1.01564</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>157</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The table shows that we have total of 157 values of Valid N (listwise) and it shows the number of scales which don't include missing values on any of the variables. Likewise, 157 is also the number of valid observations for the variable (N). Accordingly, we can conclude that there is no missing value in our survey conducted.

On top of that, we used Mean - or we can understand as average - the most widely used measure of central tendency. The mean is based on five-point Likert scale, where 5 = strongly agree and 1 = strongly disagree. The dependent variable here is Customer Loyalty. As can be seen from Table 11. Descriptive Statistics, the highest mean score for independent item scale belongs to Perceived Quality which is 3.7643, meanwhile the lowest one belongs to Customer Relationships with the value of 2.9204. This means that the Perceived Quality is most valued by participants when they are going to buy clothes at Zara. On the other hand, relationships-built customer and company are the least valued among all constructs. Worth to be mentioned that quality is the only variable that reached above 3.7 score what shows that most of participants highly evaluated construct, while others range from 3.2 – 3.4 score which is also quite high to be valued by consumers.

Last but not least, the square root of the variance - Standard deviation is the last indicator in this part to track the spread of a set of our observations. Therefore, to measure confidence in statistical conclusions, we analyze Standard deviation to see the average distance between the values of the data in the set and the mean. It is ranged from 0.80343 for POP Display which shows the data points tend to be closer to the mean; to 1.08088 for Customer Relationships which indicates that the data points are easier to spread out over a large range of values. The larger the standard deviation is, the more spread out the observations are. This range illustrates similar answers among participants especially on questions related to quality.
5.4 The relationship of Promotion towards Perceived Quality

Table 12. The Pearson Correlation between Promotion and Perceived Quality

<table>
<thead>
<tr>
<th></th>
<th>Perceived Quality</th>
<th>Promotional Pricing</th>
<th>POP Display</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Quality</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>0.254</td>
</tr>
<tr>
<td></td>
<td>Sig</td>
<td>0.001</td>
<td>0</td>
</tr>
<tr>
<td>Promotional Pricing</td>
<td>Pearson Correlation</td>
<td>0.254</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig</td>
<td>0.001</td>
<td>0</td>
</tr>
<tr>
<td>POP Display</td>
<td>Pearson Correlation</td>
<td>0.516</td>
<td>0.355</td>
</tr>
<tr>
<td></td>
<td>Sig</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

As shown in the Table 12, Perceived Quality is the dependent variable, Promotional Pricing and POP Display which are two main factors of Promotion at Zara are independent ones. The significance levels (p) of Perceived Quality with Promotional Pricing and Perceived Quality with POP Display are 0.01 and 0.00 respectively which are lower than 0.05, the correlation is significant and the above variables are linearly related. As a result, we can see that the Pearson’s correlation (r) between Perceived Quality and POP Display is 0.516 which prove the strong and positive linear relationship of these variables. Besides, with r = 0.254, Perceived Quality with Promotional Pricing have a weak correlation with each other.

Table 13. Model Summary of Promotion and Perceived Quality

<table>
<thead>
<tr>
<th></th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.272</td>
<td>0.262</td>
<td>1.921</td>
</tr>
</tbody>
</table>

Talking about the Model Summary, the R Square here which is also called the coefficient of determination is 0.272 which is the proportion of variance in Perceived Quality that can be explained by other two independent variables: POP Display and Promotional Pricing. The value of 0.272 that our independent variables explain 27.2% of the variability of dependent variable - Perceived Quality. Or we can explain it as Promotion strategies of Zara including POP Display and Promotional Pricing accounted for 27.2% % of the explained variability in the Perceived Quality of customers. This is a very high figure of R Square.

If there is no autocorrelation, the statistic of Durbin-Watson should be between the critical values of 1.5 and 2.5. The Durbin-Watson statistic (d) = 1.921, and it shows that 1.5 < d < 2.5. Therefore, we can assume that there is no first order linear autocorrelation in the multiple linear regression data.

Table 14. ANOVA of Promotion and Perceived Quality

<table>
<thead>
<tr>
<th></th>
<th>df</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>2</td>
<td>28.726</td>
<td>0</td>
</tr>
</tbody>
</table>

The F-ratio in the ANOVA shown in the Table 14. tests whether the overall regression model is a good fit for the data. A linear regression established that POP Display and Promotional Pricing could statistically significantly predict Perceived Quality. F (2, 154) = 28.726 while p (=0.000) < 0.0005. The F-test is highly significant which means that the regression
equation fits the data. As a result, two independent variables POP Display and Promotional Pricing statistically significantly predict the Perceived Quality.

**Table 15. The Coefficients of Promotion and Perceived Quality**

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficients</th>
<th>Sig</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotional Pricing</td>
<td>B 0.1</td>
<td>0.271</td>
<td>1.144</td>
</tr>
<tr>
<td>POP Display</td>
<td>0.627</td>
<td>0</td>
<td>1.144</td>
</tr>
</tbody>
</table>

Moreover, by looking at the Sig., we can determine whether these independent variables contribute statistically significantly to the model. If the significance level is lower than 0.05, that independent variables support for the model. The Table 15 reveals that Promotional Pricing own a high Significant value with 0.271 and it makes Promotion Pricing disqualified to contribute for the model. Apart from that, POP display makes a great impact on Perceived Quality as it has the very high B value of 0.627. After all, the regression equation to predict Perceived Quality from POP Display is calculated as follow:

\[
\text{Perceived Quality} = 1.396 + 0.627 \times \text{POP Display}
\]

These Unstandardized coefficients denote how much the Perceived Quality differs to POP Display. With the unstandardized coefficient, its B value is equal to 0.304 which tells us that if POP Display rises, the Perceived Quality can also have an increase. It means, POP Display plays a positive response to Perceived Quality.

If the VIF value is between 1 and 10, there is a chance to have multicollinearity. However, as we can see, all of the VIF is below 10, the multicollinearity is problematic.

**5.5 The relationship of Promotion towards Perceived Value**

**Table 16. The Pearson Correlation between Promotion and Perceived Value**

<table>
<thead>
<tr>
<th></th>
<th>Perceived Value</th>
<th>Promotional Pricing</th>
<th>POP Display</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Value</td>
<td>Pearson Correlation 1</td>
<td>0.324</td>
<td>0.53</td>
</tr>
<tr>
<td>Promotional Pricing</td>
<td>Pearson Correlation 0.324</td>
<td>1</td>
<td>0.355</td>
</tr>
<tr>
<td>POP Display</td>
<td>Pearson Correlation 0.53</td>
<td>0.355</td>
<td>1</td>
</tr>
</tbody>
</table>

This Correlations results in Table 16, denotes the significance levels (p) of Perceived Value in accordance with Promotional Pricing and Perceived Value with POP Display are 0,00 (< 0.05) and that makes the correlation is significant and the above variables are related. The value of the correlation coefficient indicates the direction of the relationship of variables. As a result, we can see that the Pearson’s correlation (r) between Perceived Quality with
POP Display and with Promotional Pricing are 0.530 and 0.374 respectively that makes a strong and positive correlation among them.

<table>
<thead>
<tr>
<th>Table 17. Model Summary of Promotion and Perceived Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>R Square</td>
</tr>
<tr>
<td>0.302</td>
</tr>
</tbody>
</table>

First of all, the R Square here is 0.302. Consequently, POP Display and Promotional Pricing variables explain 30.2% of the variability of our Perceived Value variable. Besides, as we can see in Table 17., the Durbin-Watson statistic \( d = 2.003 \) which is between 1.5 and 2.5. The closer to 2 that the value is, the better, and for these data the value \( d = 2.003 \), which is so close to 2 that the assumption has almost certainly been met.

<table>
<thead>
<tr>
<th>Table 18. ANOVA of Promotion and Perceived Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>df</td>
</tr>
<tr>
<td>-----</td>
</tr>
<tr>
<td>Regression</td>
</tr>
</tbody>
</table>

As shown in the ANOVA table, we can realize that the regression equation fits the data quite well which help to predict the Perceived Value from Promotional Pricing and POP Display. With \( F (2, 154) = 33.379 \) and \( p = 0.000 < 0.005 \), we can assume that the model explains a significant amount of the variance.

<table>
<thead>
<tr>
<th>Table 19. The Coefficients of Promotion and Perceived Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unstandardized Coefficients</td>
</tr>
<tr>
<td>--------------------------------</td>
</tr>
<tr>
<td>Promotional Pricing</td>
</tr>
<tr>
<td>POP Display</td>
</tr>
</tbody>
</table>

Lastly, the Coefficients table above highlights that the Sig. value of Promotional Pricing is quite high with 0.032, then we have to exclude Promotion Pricing from the model. Similar with, part 5.4 when analyzing the variance of Perceived Quality, POP display still acts as an important role on the dependent variable which is Perceived Value in this part. It has the high B value of 0.517. Accordingly, the regression equation to predict Perceived Value from POP Display is performed as below:

\[
\text{Perceived Value} = 1.237 + 0.517 \times \text{POP Display}
\]

Under the unstandardized coefficient, its B value of POP display is equal to 0.517 which means that there is support uphold POP Display on Perceived Value. If so, whenever POP Display rises, the Perceived value will also rise. Moreover, all of the VIF is below 10, there is no multicollinearity.
5.6 The relationship of Promotion towards Attribute

Table 20. The Pearson Correlation between Promotion and Attribute

<table>
<thead>
<tr>
<th></th>
<th>Attribute</th>
<th>Promotional Pricing</th>
<th>POP Display</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Attribute</strong></td>
<td>Pearson Correlation</td>
<td>1</td>
<td>0.419</td>
</tr>
<tr>
<td></td>
<td>Sig</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Promotional Pricing</strong></td>
<td>Pearson Correlation</td>
<td>0.419</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>POP Display</strong></td>
<td>Pearson Correlation</td>
<td>0.577</td>
<td>0.355</td>
</tr>
<tr>
<td></td>
<td>Sig</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Both Attribute with Promotional Pricing and Attribute have the significance levels (p) with POP Display are 0.00 (< 0.05) and that makes the correlation is significant and the above variables are related. The value of the correlation coefficient indicates the direction of the relationship of variables. Thus, we can see that the Pearson’s correlation (r) between Attributes with POP Display and with Promotional Pricing are 0.577 and 0.419 respectively that makes a strong and positive correlation among them.

Table 21. Model Summary of Promotion and Attribute

<table>
<thead>
<tr>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.385</td>
<td>0.377</td>
<td>1.861</td>
</tr>
</tbody>
</table>

Looking at the table, it denotes that the multiple linear regression model summary fit statistics. We find that the R Square of our model is 0.385 which describes that the linear regression explains 38.5% of the variance of the Attribute from POP Display and Promotional Pricing variables. Apart from that, the Durbin-Watson here is 1.861 and within the acceptable range from 1.5 to 2.5. Thus, the data is not autocorrelated.

Table 22. ANOVA of Promotion and Attribute

<table>
<thead>
<tr>
<th></th>
<th>df</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>2</td>
<td>48.244</td>
<td>0</td>
</tr>
</tbody>
</table>

The F-ratio in the ANOVA table above tests ensure the overall regression model is a good fit for the data. It indicates that the independent variables POP Display and Promotional Pricing statistically significantly predict the Attribute variable, F(2, 154) = 27.233, p < .0005.

Table 23. The Coefficients of Promotion and Attribute

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficients</th>
<th>Sig</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td></td>
</tr>
<tr>
<td>Promotional Pricing</td>
<td>0.278</td>
<td>0.077</td>
<td>0</td>
</tr>
<tr>
<td>POP Display</td>
<td>0.581</td>
<td>0.08</td>
<td>0</td>
</tr>
</tbody>
</table>
This Coefficients table brings to us great news about the Significance value of our independent variables. Both of Promotional Pricing and POP Display have Sig. value = 0.000, which means that we can use both of them in the equation. While POP display (B = 0.581) support strongly for the Attribute, Promotional Pricing contribute less on the dependent variable with B value of 0.278. As a consequence, the regression equation to predict Attribute from two variables of Promotional Pricing and POP Display is described as follow:

$$\text{Attribute} = 0.719 + 0.278 \times \text{Promotional Pricing} + 0.581 \times \text{POP Display}$$

Both of B values of Promotional Pricing and POP Display are positive, which leads to positive response in contributing for Attribute performance. If Promotion Pricing or POP Display increase its value, it makes Attributes rise positively. Additionally, all of the VIF is below 10, no multicollinearity happened here.

### 5.7 The relationship of Promotion towards Customer Relationship

#### Table 24. The Pearson Correlation between Promotion and Customer Relationship

<table>
<thead>
<tr>
<th></th>
<th>Customer Relationship</th>
<th>Promotional Pricing</th>
<th>POP Display</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Relationship</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>0.385</td>
</tr>
<tr>
<td></td>
<td>Sig</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Promotional Pricing</td>
<td>Pearson Correlation</td>
<td>0.385</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>POP Display</td>
<td>Pearson Correlation</td>
<td>0.533</td>
<td>0.355</td>
</tr>
<tr>
<td></td>
<td>Sig</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

This Correlations table denotes the significance levels (p) of Customer Relationship in accordance with Promotional Pricing and Customer Relationship with POP Display are 0.00 (< 0.05) and that makes the correlation is significant and the above variables are related. The value of the correlation coefficient indicates the direction of the relationship of variables. As a result, we can see that the Pearson’s correlation (r) between Customer Relationship with POP Display and with Promotional Pricing are 0.533 and 0.385 respectively that makes a strong and positive correlation among them.

#### Table 25. Model Summary of Promotion and Customer Relationship

<table>
<thead>
<tr>
<th></th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.328</td>
<td>0.32</td>
<td>1.957</td>
</tr>
</tbody>
</table>

The R Square here measures 32.8% of the variability in Customer Relationship which is accounted for by POP Display and Promotional Pricing. Moreover, the adjusted R Square shows us how well the model generalizes. The difference between R Square and Adjusted R Square is a fair bit (0.328 – 0.320 = 0.008 or 0.8%) which means that if the model were
derived from the population rather than a sample it would account for approximately 0.8% less variance in the outcome. The d statistic value is 1.957 which is in the range of 1.5 to 2.5 and it is relatively normal.

Table 26. ANOVA of Promotion and Customer Relationship

<table>
<thead>
<tr>
<th></th>
<th>df</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>2</td>
<td>37.637</td>
<td>0</td>
</tr>
</tbody>
</table>

This table confirms that the regression model statistically significantly predicts the dependent variable Customer Relationship with $F(2, 154) = 37.637$ and $p = 0.000 < 0.005$.

Table 27. The Coefficients of Promotion and Customer Relationship

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficients</th>
<th>Sig</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td></td>
</tr>
<tr>
<td>Promotional Pricing</td>
<td>0.289</td>
<td>0.091</td>
<td>0.002</td>
</tr>
<tr>
<td>POP Display</td>
<td>0.61</td>
<td>0.095</td>
<td>0</td>
</tr>
</tbody>
</table>

The Significance value of our independent variables Promotional Pricing and POP Display here are 0.002 and 0.000 respectively, which means that both of them are acceptable to apply in the model as well as in the equation. While POP display ($B = 0.610$) still shows that it contributes remarkably on the dependent variable as always, Promotional Pricing in this case supports slightly on Customer Relationship variable with $B$ value of 0.289. Giving a result, the regression equation to predict Customer Relationship variable with $B$ value of 0.289. Giving a result, the regression equation to predict Customer Relationship from two variables of Promotional Pricing and POP Display is formulated as following:

\[
Customer \ Relationship = -0.020 + 0.289 \times \text{Promotional Pricing} + 0.610 \times \text{POP Display}
\]

Both of $B$ values of Promotional Pricing and POP Display are positive, which leads to positive response in contributing for Attribute performance. If Promotion Pricing or POP Display increase its value, it makes Attributes rise positively. Additionally, all of the VIF is below 10, no multicollinearity happened here.
5.8 The relationship of Promotion towards Trustworthiness

Table 28. The Pearson Correlation between Promotion and Trustworthiness

<table>
<thead>
<tr>
<th></th>
<th>Promotional Pricing</th>
<th>POP Display</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig</td>
<td>0.001</td>
<td>0</td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>0.261</td>
<td>0.585</td>
</tr>
<tr>
<td>Sig</td>
<td>0.001</td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>0.585</td>
<td>0.355</td>
</tr>
<tr>
<td>Sig</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

This Correlations table denotes the significance levels (p) of Trustworthiness in accordance with Promotional Pricing and Trustworthiness with POP Display are 0.001 and 0.000 (< 0.05) and that makes the correlation is significant and the above variables are related. The value of the correlation coefficient indicates the direction of the relationship of variables. As a result, we can see that the Pearson’s correlation (r) between Trustworthiness with POP Display and with Promotional Pricing are 0.585 and 0.261 respectively that makes a strong and positive correlation among them.

Table 29. Model Summary of Promotion and Trustworthiness

<table>
<thead>
<tr>
<th></th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.345</td>
<td>0.337</td>
<td>2.22</td>
</tr>
</tbody>
</table>

In this table, R Square = 0.345 which means that the independent variable POP Display and Promotional Pricing explain 34.5% of the variability of the Trustworthiness in the population. In addition, there is no autocorrelation here due to the acceptable value of Durbin-Watson which d = 2.220.

Table 30. ANOVA of Promotion and Trustworthiness

<table>
<thead>
<tr>
<th></th>
<th>df</th>
<th>F</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>2</td>
<td>40.638</td>
<td>0</td>
</tr>
</tbody>
</table>

The linear regression of this measure has the null hypothesis that the model explains zero variance in the Trustworthiness. The F value is highly significant with F(2, 154) = 40.638; p = 0.000 and p < .0005. For that reason, we can assume that the model used in the research indicates a significant amount of the variance of Promotional Pricing and POP Display on Trustworthiness in murder rate.

Table 31. The Coefficients of Promotion and Trustworthiness

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficients</th>
<th>Sig</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td></td>
</tr>
<tr>
<td>Promotional Pricing</td>
<td>0.065</td>
<td>0.075</td>
<td>0.386</td>
</tr>
<tr>
<td>POP Display</td>
<td>0.631</td>
<td>0.078</td>
<td>0</td>
</tr>
</tbody>
</table>
Again, Promotional Pricing has a high significance value with 0.386, then we have to reject Promotion Pricing from this equation. At the same time, POP display still keeps contributing dramatically on the dependent variable with very high B value of 0.631. Thus, the regression equation to predict Trustworthiness from POP Display is performed as below:

\[
\text{Trustworthiness} = 1.079 + 0.631 \times \text{POP Display}
\]

Due to positive B value of 0.631, the soaring of POP display can lead to the climbing of Trustworthiness. No multicollinearity is detected due to 10-below-value of VIF.

### 5.9 The relationship of Customer Satisfaction & Retention towards Customer Loyalty

**Table 32. The Pearson Correlation between Customer Satisfaction & Retention and Customer Loyalty**

<table>
<thead>
<tr>
<th></th>
<th>Customer Loyalty</th>
<th>Perceived Quality</th>
<th>Perceived Value</th>
<th>Attribute</th>
<th>Customer Relationship</th>
<th>Trustworthiness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Loyalty</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>0.567</td>
<td>0.722</td>
<td>0.679</td>
<td>0.666</td>
</tr>
<tr>
<td></td>
<td>Sig</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>Perceived Quality</td>
<td>Pearson Correlation</td>
<td>0.567</td>
<td>1</td>
<td>0.668</td>
<td>0.69</td>
<td>0.431</td>
</tr>
<tr>
<td></td>
<td>Sig</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>Perceived Value</td>
<td>Pearson Correlation</td>
<td>0.722</td>
<td>0.668</td>
<td>1</td>
<td>0.721</td>
<td>0.538</td>
</tr>
<tr>
<td></td>
<td>Sig</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>Attribute</td>
<td>Pearson Correlation</td>
<td>0.679</td>
<td>0.69</td>
<td>0.721</td>
<td>1</td>
<td>0.611</td>
</tr>
<tr>
<td></td>
<td>Sig</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>Customer Relationship</td>
<td>Pearson Correlation</td>
<td>0.696</td>
<td>0.431</td>
<td>0.538</td>
<td>0.611</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>Trustworthiness</td>
<td>Pearson Correlation</td>
<td>0.792</td>
<td>0.585</td>
<td>0.702</td>
<td>0.692</td>
<td>0.671</td>
</tr>
<tr>
<td></td>
<td>Sig</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
</tbody>
</table>

All of the independent variables in this table have strong correlation between Perceived Quality, Perceived Value, Attribute, Customer Relationship and Trustworthiness with the dependent variable Customer Loyalty, which was statistically significant with very high Pearson Correlation value of 0.567, 0.722, 0.679, 0.666 and 0.792 respectively, all significant values are 0.000.

**Table 33. Model Summary of Customer Satisfaction & Retention and Customer Loyalty**

<table>
<thead>
<tr>
<th></th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.707</td>
<td>0.697</td>
<td>1.911</td>
</tr>
</tbody>
</table>

The R Square here which is also called the coefficient of determination is 0.707 which is the proportion of variance in Customer Loyalty that can be explained by other 5 independent variables. The value of 0.707 that our independent variables including Perceived Quality, Perceived Value, Attribute, Customer Relationship and Trustworthiness explain 70.7% of the variability of dependent variable - Customer Loyalty. Or we can explain it as Customer Satisfactions (Perceived Quality and Perceived Value variable) and Customer Retention (Attribute, Customer Relationship and Trustworthiness variable) accounted for 70.7% % of the explained variability in Customer Loyalty. This is a very high figure of R Square.
The Durbin-Watson statistic (d) = 1.911, which is between the critical values of 1.5 < d < 2.5. Therefore, we can assume that there is no first order linear autocorrelation in the multiple linear regression data.

**Table 34. ANOVA of Customer Satisfaction & Retention and Customer Loyalty**

<table>
<thead>
<tr>
<th></th>
<th>df</th>
<th>F</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>5</td>
<td>72.827</td>
<td>0</td>
</tr>
</tbody>
</table>

The F-ratio in the ANOVA Table 34. checks whether the overall regression model is a good fit for the data. A linear regression established that different factors of Customer Satisfactions (Perceived Quality and Perceived Value variable) and Customer Retention (Attribute, Customer Relationship and Trustworthiness variable) could statistically significantly predict Customer Loyalty. F (5, 151) = 72.827 while p (=0.000) < 0.0005. The F-test is highly significant which means that the regression equation fits the data. As a result, we can assume that the model explains a significant amount of the variance.

**Table 35. The Coefficients of Customer Satisfaction & Retention and Customer Loyalty**

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficients</th>
<th>Sig</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td></td>
</tr>
<tr>
<td>Perceived Quality</td>
<td>0.013</td>
<td>0.064</td>
<td>0.839</td>
</tr>
<tr>
<td>Perceived Value</td>
<td>0.304</td>
<td>0.084</td>
<td>0.002</td>
</tr>
<tr>
<td>Attribute</td>
<td>0.077</td>
<td>0.081</td>
<td>0.343</td>
</tr>
<tr>
<td>Customer Relationship</td>
<td>0.181</td>
<td>0.058</td>
<td>0.002</td>
</tr>
<tr>
<td>Trustworthiness</td>
<td>0.475</td>
<td>0.083</td>
<td>0.002</td>
</tr>
</tbody>
</table>

The Coefficients Table 35. provides us with the necessary information to predict Customer Loyalty from five different variables of Customer Satisfaction and Customer Retention. Table F denotes that Perceived Quality and Attribute have very high Sig. value with 0.839 and 0.342 respectively. On that account, Perceived Quality and Attribute are not valid for the regression equation and should be taken out. The other three independent variables have the coefficients which are statistically significantly. Furthermore, Trustworthiness has the highest B value (B = 0.475) which shows its biggest impact on Customer Loyalty among three valid independent variables. In contrast, with B = 0.181, Customer Relationship seems to contribute least on building loyalty to customer. Perceived Value has 0.304 as B value which impacts quite positive on the dependent variable. Consequently, the regression equation to predict Customer Loyalty from Perceived Value, Customer Relationship and Trustworthiness is formed as below:

\[
\text{Customer Loyalty} = 0.153 + 0.304 \times \text{Perceived Value} + 0.181 \times \text{Customer Relationship} \\
+ 0.475 \times \text{Trustworthiness}
\]

These Unstandardized coefficients denote how much the Customer Loyalty differs to each of the Perceived Value, Customer Relationship and Trustworthiness when all other independent variables are constant. Consider the effect of Perceived Value, the
unstandardized coefficient, for it is equal to 0.304. As a result, it proves that if Perceived Value increases, there is also increase(s) Customer Loyalty. Similar to that, both of Customer Relationship ($B = 0.181, p = 0.002$) and Trustworthiness ($B = 0.475, p = 0.000$) also respond positively to Customer Loyalty. As we can see, all of the VIF is below 10, the multicollinearity is problematic.

Table 36. Summary of Hypothesis’s results

<table>
<thead>
<tr>
<th>Abbreviations</th>
<th>Hypothesis</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>There is a positive association between Promotional Pricing and Perceived Quality</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H2</td>
<td>There is a positive association between Point of Purchase Display and Perceived Quality</td>
<td>Supported</td>
</tr>
<tr>
<td>H3</td>
<td>There is a positive association between Promotional Pricing and Perceived Value</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H4</td>
<td>There is a positive association between Point of Purchase Display and Perceived Value</td>
<td>Supported</td>
</tr>
<tr>
<td>H5</td>
<td>There is a positive association between Promotional Pricing and Attribute</td>
<td>Supported</td>
</tr>
<tr>
<td>H6</td>
<td>There is a positive association between Point of Purchase Display and Attribute</td>
<td>Supported</td>
</tr>
<tr>
<td>H7</td>
<td>There is a positive association between Promotional Pricing and Customer Relationship</td>
<td>Supported</td>
</tr>
<tr>
<td>H8</td>
<td>There is a positive association between Point of Purchase Display and Customer Relationship</td>
<td>Supported</td>
</tr>
<tr>
<td>H9</td>
<td>There is a positive association between Promotional Pricing and Trustworthiness</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H10</td>
<td>There is a positive association between Point of Purchase Display and Trustworthiness</td>
<td>Supported</td>
</tr>
<tr>
<td>H11</td>
<td>There is a positive association between Perceived Quality and Customers Loyalty</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H12</td>
<td>There is a positive association between Perceived Value and Customers Loyalty</td>
<td>Supported</td>
</tr>
<tr>
<td>H13</td>
<td>There is a positive association between Attribute and Customers Loyalty</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H14</td>
<td>There is a positive association between Customer Relationship and Customers Loyalty</td>
<td>Supported</td>
</tr>
<tr>
<td></td>
<td>There is a positive association between Trustworthiness and Customers Loyalty</td>
<td>Supported</td>
</tr>
<tr>
<td>---</td>
<td>--------------------------------------------------------------------------</td>
<td>-----------</td>
</tr>
<tr>
<td>H15</td>
<td></td>
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</tbody>
</table>
This section will discuss the empirical findings in line with precedent theories we figured out in Chapter 3. We will discuss about how our results relevant and/or different from our conceptual model presented previously and come up with some possible reasons. To help readers have the consistent and clear flow, this chapter will be discussed by each hypothesis.

6.1 The relationship of Promotion towards Perceived Quality

The support to uphold H1 showed that the point of purchase display is strong element to raise the perception of products and services’ quality in consumers’ minds. Thus, point of purchase display supported strongly perceived quality, while promotional pricing did not support at all. Nowadays, customers become wiser and cleverer. It seems that they know even retailers discount the price of the products/services, it means that they want their consumers to buy more and more, and it does not mean that the quality of products/services will be perceived better or worse. In addition, the way companies use point of purchase display can reflect the perception they want to shape in consumers’ mind about its quality. If they promote the products at special places in store, consumers will think that only good quality products can be displayed that special with more concentration.

Beristain and Zorrilla (2011)’s literature indicated the effects of product display in retail stores make a strong impact on perception of consumers about the products displayed on it. These outcomes are consistent with the findings in our analysis about these correlation among Point of Purchase Display in Zara stores and Perceived Quality from Zara buyers. The high Pearson Value up to 0.516 and B value of 0.627 has proven the strong correlations among these factors. Also, the promotion displays in Zara retail outlets have a positive and significant relationship towards consumers’ perception of quality from Zara’s goods. As a result, consumers tend to feel more attracted and aware of products’ quality that are highlighted on that specific display. Our findings have the agreement confirmed that the perceived quality has been impacted outstandingly by in-store display, which is Point of Purchase, which proved the direct contribution from promotional displays towards the perceived quality of customers. Due to the positive relationship, the higher and better the Point of Purchase display can be, the more positive and higher perception customers can gain from products.

Apart from that, promotional pricing is one of the most practical and popular marketing tools to gain more attention from target consumer and attract them to buy more products by giving them bonus value and/or incentive promotions. However, promotional pricing did not support the perceived quality, which means, the findings in our research expresses the inconsistent result with the theories conducted from Alenazi et al., (2015). There is no support from Promotional Pricing which can help to predict Perceived Quality in our Linear Regression analysis. With significant value equals to 0.271, it is too high to be accepted to prove the existence of relationship among these two factors. The Zara customers are influenced by promotional discounts to their perception of products they bought in Zara stores. Therefore, this result is also different with what Dorzdenko and Jensen (2005) and
even Kocas and Bohlmann (2008) have researched about the impacts of promotional cost on buying intention of customers is actually the integration of both positive as well as negative effects combined from economic, informational and affective factors.

Apart from that, different researches have shown inconsistent findings about the relationship among these two factors: promotional pricing and perceived quality. While Huang et al. (2014) agreed with each other about the positive impacts of discounted price on perception of customers about products quality, Garretson and Clow (1999) totally disagreed with that when they pointed out the negative relationship between these two factors which higher cost of products can decrease the customer perceived quality which is lower perception. Furthermore, Grewal et al (1998) blew away all the above result with his study about no linear correlation happened between price discount and perceived quality of products, which may explain the findings in our research that there is no linear relationship from Promotional Pricing to Perceived Quality of Zara clothing from their consumers. These inconsistent findings may be caused by different root causes of the researches. Monroe and Krishnan (1985) and Zeithaml (1988) illustrated the momentary effect of price while the promotional price has different impact of affective which can lead to more positive feelings. Chandon (2000) looked at different angles and perspectives of this problem, including value expression which makes consumers feel good about being the smart buyers, exploration which requires consumers to look for more products due to promotional activities, etc.

6.2 The relationship of Promotion towards Perceived Value

Similar to perceived quality, point of purchase display played an important role in shaping the consumers’ perception about value of products and services. It supported perceived value in this hypothesis why promotional pricing did not. Customers now are really smart in judging the discount the price of the products/services. They understand that the promotional price is to ask them to purchase more, and it does not affect on their perception about their values. Besides, using point of purchase display with good information and visuals can shape their perception about the products with higher value. If they promote the products at special places in store, it can lead consumers to think of these products as the hot-trend and special items.

We can see that many consumers determined the satisfaction by perceived use value from the products and the after service operated by the businesses. Therefore, it is the key importance to attract customers to the products and its offer, and to do so, proper strategies for point of purchase display management must be initiated and implemented. Our study about the contribution of Point of Purchase Display towards Perceived Value in consumers are in the light with these above theories and researches. These two factors have a very strong and positive correlation with Pearson’s correlation value of 0.530. As Chandon et al. (2009) explained, a positive usage of the brand and products presence at the store via Point of Purchase Displays makes the rise in-store attention and consideration of customer, and as a result, developing the perceived value that they will be aware. Platz and Temponi (2007) figured out that the appreciation as well as perception from customers about the goods and its promotions’ programs are more positive when the products and its information are
visualized and arranged properly on Point of purchase display. Moreover, when the value of the products is mentioned critically which can lead to positive perception in consumers’ mind, and consequently, the tendencies to purchase more products will be led to higher levels from consumers’ side. The research of Liu et al. (2007) emphasizes the interactive response from customers to promotional programs at retail stores, especially the key factor in making impact on consumers’ buying process is the connection and association between customer services and Display of products and promotions which help to reveal the perceived promotional advantage to the fullest. Additionally, the point of purchase promotion and the previous experience of the customer about products offers at stores really stimulate consumer feelings by optimizing the perceived value from the products that they can have and prompt their own decision in trying with new products on offers on promotion campaigns.

Additionally, our study investigates that there is a strong linear relationship between Point of Purchase Display and Perceived Value. It is shown in the Linear Regression analysis with \( B = 0.517 \) and there is no Significant value happened. Hence, it does explain how strong the Point of Purchase Display – as a part of Products Promotions of Zara - correlate and contribute to the Perceived Value. When a store makes use the most of the in-store display, it can help to increase overall consumer expectations and their own perceived value from the products during shopping. The Point of Purchase display helps to develop the interests and great tensions in shopping in customers in reference to store look-and-feel, merchandise varieties, promotional offers, perceived use value, costs, etc. These could be considered as the fundamentals of consumer behaviors about the promotional displays in stores (Otieno et al., 2005). Besides, it is also suggested by Rajagopal (2006) that such a positive reaction can be comparable to the value of an option to make the buying decision at a reasonable offer.

Consumers may expose a muddled search strategy where perceived use value via the benefits influence the purchasing process among customers. Moreover, consumers can perceive positive values during interaction with sales promoters when the Point of Purchase display can stimulate and activate the value needed in them.

Apart from that, as mentioned in Chapter 3, the promotional pricing builds in consumers’ minds the perception of reducing the price which sounds a favorable financial deal with great value of products in return, and as a result, it helps to increase the purchase intention (Campo & Yagüe, 2007). Price promotion is the most regular method that businesses use to call more attention from their potential customers about changing as well as increasing the perceived of the products and therefore to increase their sales volume (Millin & Cummins, 2008).

As a result, it can explain the reason why in our research’s results, Promotional Pricing has a relationship with Perceived Value. With \( r = 0.324 \), it proves that these two factors maintain a moderate correlation between each other. However, when it comes to the Linear Regression analysis, we can see the distinction between these two. The Significance value of Promotional Pricing – 0.032 was higher than the accepted one which is 0.05. It means, as a part of Product Promotion in Zara, there is no support from Price Promotion to Perceived Value of customers. The Zara customers who completed our surveys thought that
Promotional Price has no contribution to Products’ Promotion which can make impact on their value perception of the Zara’s products they bought. Consequently, it is opposite with the findings from Han et al. (2001) about the positive relationship between consumers’ behaviors and perception in their buying process about the value they perceived from the products and this can also make impact on business sales profitability. Besides, our findings do not support Yükselen (2008) when Zara customers do not use the promotion discount to evaluate goods and let it effect on their value perceptions of products.

Besides, the research of Seren (2011) shows that price promotion can give an outstanding contribution to sales performance, however, it has no remarkable effect in long term on product value that consumers perceived.

Furthermore, it can create negative impacts on value that consumers would perceive followed by the study from Mullin and Cummins (2008). In their article, they also mentioned several researches that indicate promotional pricing also can build positive effects in short-term but later on in long-term it will slip back the products as well as brands’ values. It may explain the gap in results between our study and previous researches.

On the other hand, the price promotion empowers consumers to attempt new items and build up an association and connection with them. If they are happy with the goods that may influence their future purchasing behaviors and their individual one towards a brand may change subsequently. A positive relationship at that point creates in regards to the standard estimated and advancement buying at the individual dimension. Giving a result, any scenarios may happen with the impacts from Promotional Pricing to value perceived by consumers. It can be negative, positive in long term or short term, or even have no connection with each other, depend on different industries as well as products and strategies from companies. Our study conducted in the case of Fast Fashion Industry company – Zara has expressed the different result. It could be put into consideration by value-based price strategy which is one of three basic strategies (Verma, 2012). The key thing in this strategy is about the value perceived from consumers, which means, it must be based on the value attached to product by consumers. Basically, it is how the company adjust the cost of products or services based on consumers’ perceived value. In this case, Zara could use this strategy to utilize consumer’s perceived value instead of their products price. Identifying the needs of consumers together with their value perceptions of the products to modify and adjust the price. Besides, not only about some ways to implement this strategy such as optimizing products promotion, including promotional discounts or any other pricing tactics but also about the benefits of using this due to its consumers’ preferences to help them define their practical needs and wants.

6.3 The relationship of Promotion towards Attribute

Both of promotional pricing and point of purchase display did support for the attribute and help to increase its value towards consumers. The findings from our research about how Zara promotion affects their consumers’ behaviors explored that there is a medium correlation between Promotional Pricing towards the Attribute of brands and products. The
Pearson correlation value is 0.419 which indicated the connection between these variables. This is totally consistent with previous researches about the direct connection between price and products attributes which emphasized the importance of price and its adjustment due to promotional pricing while listing or naming product attributes. Furthermore, the linear regression analysis in our findings shared result of B value between Promotional Pricing and the Attribute which is 0.278 which proved the strong relationship between Zara’s promotional discount to their consumers’ awareness of its products attributes. It also aligns with the literatures we used about how they compare and evaluate both of functional as well as emotional values of different products and brands’ attributes and characteristics.

Apart from that, agree with De Pelsmacker et al. (2004), the results in our research showed that Zara customers realize the objective of in-store display in introducing to them products’ attributes and developing image of brand which is correlation between Point of Purchase display towards Brand and Products’ attribute. The Pearson value is quite high with 0.577 which proves a strong correlation between these factors.

Apart from that, our research also pointed out that we can use Point of Purchase display to predict the awareness of consumers about Brand and Products’ attributes due to an impressive B value of 0.581 which confirms the positive and strong relationship between promotional displays in Zara retail outlets towards Zara’s attributes according to their consumers’ perception. This supports our used studies about the way Point of Purchase display maximize sales performance of businesses by featuring the brand and products’ characteristics. Additionally, retailers can optimize on brand and product attributes to build awareness, deliver main attributes as well as qualities or benefits, and call attention from the customers via appealing Point of Purchase.

6.4 The relationship of Promotion towards Customer Relationship

Customer Relationship had been shaped by both promotional pricing and point of purchase display. These two factors supported well relationship towards customers. It can be understood like, when retailers set good price with good promotional campaigns, it acts as an important role to attract more new customers and also the current one. And in long-term, it can shape their behaviors to buy products more regularly from that retailers, which helps to build retention in relationship towards them. Besides, point of purchase display can be a good communicator to build sustainable interests in customers to make them feel the connection towards the brands/retailers, even in long-term.

We have so many options to deliver to customers so they can choose among various of brands and products which make it more competitive to build strong relationship with them. Moolla (2010) emphasized the role of adjusting promotion pricing to build more interactive connection towards consumers as well as brand loyalty.

Having the same results with the PMA/Northwestern University 2002 research about Promotion and Brand Building, the Pearson Correlation of Promotional pricing and Customer Relationship is 0.385 which indicates the medium connection between each other.
The promotional pricing acts as the important role in developing consumers’ experience then build up a strong relationship with them. It also admitted that promotional pricing strategy is the key to affect customer relationship because price is always the first thing in consumers’ mind when they access the value of products and connection with brands.

Agreed with Van Heerde and Neslin (2008) findings, our result also figured it out that there is existence of positive relationship between discount price and relationship with customers in long-term shaping their behaviors. There is a linear relationship between these two factors which can make Promotional Pricing predict Customer Relationship ($B = 0.286$). This totally makes sense with some authors like Hinkle (1965), Chen and Monroe (1998) or Lattin and Bucklin (1989) who found proof that when a company applies price promotions, customers end up being familiar with the company itself. From that we understand the linkage between promotional pricing and customer relationship. As from Martin (2007), there is an inclination between price discount in relation with customer relationship when they assess whether the promotional price is suitable with their criteria. Tereza and Monika (2015) also described their findings about the cost discount would be different based on the relationship between consumers and businesses. Some companies have loyalty programs for their regular buyers and they will be rewarded more discounts than others.

Apart from that, if the impact of promotional price can make customers who are at first with low tension of buying products to purchase, there is a high chance for business to convert that consumers to loyal one which can help them to build strong relationship with this potential segment (Neslin & Shoemaker, 1989). Therefore, this segment turns into the target consumers that business should take care of. Involving these segments in companies’ activities is a good strategy to strengthen the relationship and interact more with them. Hence, by optimizing promotional pricing offers from the businesses, they can enhance the relationship towards their potential and current consumers which is based on mutual trust and interest (Beckett et al., 2000).

Furthermore, as we can see from the results, point of purchase display is an effective tool to deliver 2-way-impactful-communication before-during-post purchasing decision, and consequently it can support to develop customer relationship from the impactful Point of Purchase communications. Wang and Lang (2012) denoted that well-placed point of purchase display could be being a good base to develop the potential customer relationship. It could help to gain more attention from consumers by communicating needed values of products to them, and become the base to build up the strong customers relationship with brands/companies. The research we conveyed gave us the results which is consistent with that. Point of Purchase Display does contribute an impactful influence on Customer Relationship with Pearson Correlation and B value from Linear Regression of 0.533 and 0.610 which are very significant results and strong positive relationship between these factors. Zara consumers who took part in our research showed that the Point of Purchase communication from Zara stores made impacts on their relationship towards Zara and its products. This also support findings from Nordfält (2011) about the positive impact of POP Display in improving its effects on consumers decisions, feelings and perceptions towards brands and products which affected directly to customer relationships.
6.5 The relationship of Promotion towards Trustworthiness

It can be seen that point of purchase display helps to build trust in consumers’ minds. This can act as an important communication to deliver practical and truly valuable information to customers. When they know enough needed information about the products and services, they not only have more interests, but also trust more in the items that they want to purchase, or, desire to have. The positive relationship between POP Display with Trustworthiness to customers when point of purchase communications can be the bridge to connect them to the products they need with more information shown. Point of Purchase display did support to shape trustworthiness from consumers, but the promotional pricing did not. It means, when retailers change the price of products, even make it lower than the normal one, it does not help to gain more trust towards products brands from consumers.

Back to the results found in our research, r value = 0.530 and the B value = 0.631 (p = 0), Zara consumers agreed with Hoyer and Mac (2008) about the strong and significant relationship between POP Display towards their Trustworthiness to Zara and its products. The result in this hypothesis suggested that using point of purchase display can help to formulate the trustworthiness in consumers about the brand and company. While point of purchase display supported well to trustworthiness, promotional pricing played no role on that.

Quintao and Prasonnguskarn (2017) indicated that to improve customer satisfaction and then customer loyalty, the promotional pricing acts as an important role to develop trustworthiness towards customers. It can explain why our findings showed that the Pearson value between promotional pricing and trustworthiness has a medium correlation with r = 0.261. However, when it comes to the linear regression, our findings did not express the same results and against Quintao and Prasonnguskarn (2017). It indicates that Promotional Pricing of Zara has no linear relationship, both of negative and positive one, which can help to predict Trustworthiness from Zara customers who took this survey. With significance value is 0.386, discount cost does not support to build up trustworthiness in consumers.

Our findings are also different with what Jany (2009) said about promotional pricing can be perceived trustworthy for the clients when the discount does not surpass the 20%. According to Zara webpage (2019) in Spanish market, promotional discount in Zara can be up to 70% which is much higher than 20%, but there is no negative relationship found in our research. This is also opposite with our prediction based on DelVecchio (2006) that if that discount is larger than 20 percent can be perceived as untrustworthy.

Apart from that, Zara webpage (2019) also promotes different promotional programs at a time, and it does not affect any on consumers’ trustworthiness. It against Estelami (1997) when different promotional discount programs happen at the same time and it makes consumers more difficult to experience and fully-access to all of those. Also, Bréchet (2005) figured out the same with Estelami (1997) that single promotion activity could work, otherwise, multi-promotional-offer would have less impacts on consumers’ trustworthiness.
6.6 The relationship of Customer Satisfaction Retention towards Customer Loyalty

Perceived value, customer relationship and trustworthiness are important factors to form loyalty relationship towards customers. We can see that customers now truly value and prioritize how much trust they have about that brands/products/services, the relationship they have had towards the retailers and their products and their own perception of products/services’ value. These are important to contribute to the sustainable relationship towards customers. On the other hand, customer perception of products’ quality and its attribute did not support customer loyalty.

First of all, perceived value can affect in positive ways towards consumers repurchase intention which can use to change their intentions as well as loyalty. Apart from that, customer loyalty was indicated as the results of consumer’s perception of products’ values. Eggert and Ulaga (2002) also agreed with that when they proved the capability of perceived value in making impact on loyalty relationship of customers in their researches.

These literatures are consistent with our surveys conducted about the relationship between Perceived Value towards Customer Loyalty. With Pearson Correlation and B value in Linear Regression are 0.722 and 0.304 respectively, the Zara customers believe that Perceived value can support to build up their customer loyalty relationship towards Zara brand and its products. The perceived value as well as value equity and brand equity contributed a strong and positive to the relationship towards customer loyalty and was proper to predict loyalty from consumers.

Furthermore, the great customer relationship can develop the strong relationship with consumers which is the base to build their loyalty towards brands and products. Reinartz & Kumar (2003) described the customer relationship as the key of not only CRM strategy in business, but also customer loyalty. Claiming the good relationship towards customers can support the companies to gain more benefits from loyalty of customers. It is consistent with our results from surveys conducted. Customer Relationship plays an important role in building Customer Loyalty from Zara customers. So, there is the positive connection and support from relationship with customers towards customer loyalty. Moreover, before building the relationship towards customers, it was crucial to select them in the right ways first. Additionally, Reinartz and Kumar (2002) recommendations can be applied in our research of Zara that companies can optimize social media as well as online marketing to not only building effective trading transactions with the consumers, but also building the strong connected relationship with them who are so potential to be loyal customers.

Apart from that, one of the key factors to build of customer loyalty is trustworthiness which also has an impactful connection to enhance loyalty towards customers. It can impact on customer loyalty by leveraging their perceived benefits to build the relevancies between brands and products’ values and customer expected values, which can result remarkably to customer satisfaction as well as customer loyalty. While customers are looking for the satisfaction through the value, quality of products and services, the companies are trying to
look for not only profits but also the long-term relationship with their customers which is customer loyalty. As an important construct, trustworthiness can cause the influence towards customers positive behaviors and reflect on their commitment to brands and products. Our research pointed out the results which proves that Trustworthiness of Zara consumers contributed a linear relationship towards their loyalty to Zara brand and its products. As studied in our research, trustworthiness become the factor to predict of consumers commitment towards companies. Chaudhuri and Holbrook (2001) investigated and concluded consumers’ trust to buying behaviors and loyalty intention towards the brands and products in a direct impact. Furthermore, Morgan and Hunt (1994) expressed that trustworthiness as based from the consumer’s commitment theories acts as important role in improving and optimizing consumers’ relationships remarkably. Similar with these literatures, in 2004, Jian’s research about the influence of consumer’s behavior from trustworthiness resulted that these two factors have positive influence which made it predictable for customer loyalty from trustworthiness.

However, the perceived quality and the loyalty of customers are strongly connected to each other and the relationship of these two factors become the critical component in businesses that should be more concentrated. It additionally recommended that when the of a product or service of a specific item increases, consumer satisfaction is expected to rise as well and lead to higher customer loyalty. We can say, customers who are satisfied are more likely to be the loyal one. However, our studies generated different results. With significant value in linear regression are up to 0.839, which means, Perceived Quality doesn’t relate linearly to Customer Loyalty. It could be explained by different role of Perceived Quality in Customer Satisfaction which leads to Customer Loyalty. It can be seen that Perceived quality of does not have a direct positive effect towards Zara’s consumer loyalty. This confirmed that resulting from the perceived quality of product or service, customer satisfaction can help to strengthen the brand loyalty (Bin et al., 2013). Giving a result, perceived product quality cannot be used as predictors of loyalty of customers.

Our findings also disagreed with the research about the connection of Perceived quality and loyalty from customers are well supported from Bontis (2007). As mentioned in Chapter 1 and Chapter 3 in this research, Zara is perceived as a brand with good quality products and updated fashion trends. But it seems to not support literature from Mittal & Lassar (1998) which denoted that delivering the high standard quality of goods and services can build positive customer loyalty relationship.

Furthermore, Guo (2003) and Kotler (2001) shared the same findings about optimizing attributes of products and brands could help the company to strengthen the loyalty of their customers. The attributes including brand and product’s personality, characteristic, etc. support dramatically towards consumer preference result to loyalty. About the buyer preferences, it will be for the brands and products which share the same characteristics, traits. Hence, if consumers can realize and reflect the brand as well as product characteristic to themselves, it would be the huge opportunity from company to strengthen customer preferences and loyalty.
However, compared to our studies, Attribute made no support to Customer Loyalty. We cannot use Attributes to predict the Customer Loyalty of Zara customer. The literature from Mengxia (2007) explored the impact of brand and products attributes on customer preference, loyalty and their buying intention. This research also showed different findings compared to ours. Mengxia exposed his results of positive and significant relationship among Attribute and Customer Loyalty.
7. CONCLUSIONS

This chapter will help us to present the general conclusions of the study as well as its main findings from the previous sections discussed in chapters 5 and 6. Furthermore, we will then present, managerial implications, quality criteria as well as Recommendation for Future Research and limitations of the study.

7.1 General conclusion & contributions

On the previous chapter, we were able to present discussions focusing on the different variables analyzed on this research aiming to investigate “The impact of product promotion on customer loyalty”. After gathering all the data necessary and had critically analyzed it together with the gathered knowledge from various authors, we can now answer the aforementioned research question in order to fulfill the research purpose. Based on the results obtained, we can now give an answer to our research question “How do Zara’s promotional activities affect customer loyalty?”. For Zara to be able to optimize its customer loyalty, the company has to focus its promotional activities mainly in POP Display, as we will see below. In order to impact on customer loyalty, these promotions have to aim into three critical aspects found in this research: Perceived Value, Customer Relationship, and Trustworthiness. With that said, it is now possible to see a pattern or effective formula with the main variables:

Customer Loyalty = Perceived Value + Customer Relationships + Trustworthiness

The importance of the variables and its aspects

Perceived Value become one of the essential aspects in order to achieve customer loyalty. In other words, Perceived Value is how the product the consumer consumes is worth it for the customer. As seen in chapter 6, POP display has been clearly demonstrated in our study as having a strong relationship with perceived Value; for this reason, it is crucial to include it in our mathematical equation shown above. Furthermore, the linear regression analyzed between Perceived Value and customer loyalty became to be one of the highest, which means that based on our study, Zara’s customer’s loyalty can be built up based on the perceived Value of its products. In other words, promotion activities based on POP Display aiming towards Perceived Value will directly affect on building and creating customer loyalty. By the other hand, Promotional Pricing is not as effective as we thought, not even computing in to the formula affecting Perceived Value.

The second variable presented, customer relationship, must be highlighted as well. As shown in chapter 3, customers use to allocate more attention to a familiar brand. Stated by Sayed (2011), this being one of the most critical objectives in about 60% of the projects around the world. The findings of this research have proven that to be the reality; POP display as well as Promotional Pricing have a tremendous importance on customer relationship as well as this, having a strong linear regression with customer loyalty.
Customer relationship is one of the critical factors, that directly affects and influences customer loyalty in the case of Zara. We can say that the better customer relationship a company have with a client, the more loyal this will become. Moreover, as stated by different authors seen in chapter 3 and also in chapter 6, effective CRM leads to improve customer loyalty.

Previously seen in chapter 3, Trustworthiness, it has been described as the most valuable dimension, according to the European Journal of Marketing in 2001. After the analysis done in this research, we can prove this to be right. The data analyzed concluded that Trustworthiness is the most impactful factor in generating and creating customer loyalty. Promotional activities based directly on POP display have been demonstrated that will lead to a growth on Trustworthiness, thus having a significant impact in generating customer loyalty. By the other hand, Promotional Pricing does not have a relevant impact on trustworthiness as a product promotion tool.

Throughout this research we have seen (chapter 5 and further discussion on chapter 6) that the key elements that conform our customer loyalty formula, mostly rely on POP Display as a promotional tool to highly impact on customer loyalty in the case of Zara. Being thus the key promotional factors on Perceived Value, Customer Relationship as well as in Trustworthiness. At the same time, we have come to the conclusion that some of the pre-established variables that we analyzed altogether with those mentioned above, do not have a relevant impact on customer loyalty. Being these Attributes, Perceived quality and Loyalty. By that, we are now able to give an empirical answer to the research gap (section 1.2) previously found. The linkage connecting product promotion with customer loyalty, is dependent on the three variables mentioned: Perceived Value, Customer Relationship and Trustworthiness. Hence, the previously presented conceptual model in chapter 3, altogether with the results obtained in this research, we are able to reformulate this model in order to visually see the connection from product promotion to customer loyalty.

![Figure 4. Adjusted Conceptual Model](image)

We are aware that it can be difficult for a company to achieve all the three variables (Perceived Value, Customer Relationships and Trustworthiness) to its maximum,
nevertheless is it is essential to rightly use promotion activities based in POP display as well as Promotional pricing (in a lesser scope) in order to affect its customer loyalty.

Talking about our research’s contributions, we have contributed to literature in four different angles. First of all, we have conducted and contributed to the extended of literature regarding to the main components of products promotion, and one of the highest levels of consumer behavior – loyalty together with key learnings on which factors should be more prioritized to optimize product promotion to build long-term customer relationship in this industry. Consequently, our research identified the important role of products promotion in developing loyalty relationship towards customers nowadays, especially in service and retail industries such as fast fashion. It can be seen that which are the key elements from business’s promotional activities that matter to consumers in building long-term relationship to them and how relevant they are in different angles of loyalty’s components.

Especially, when it comes to the third contribution, it reveals the addressed problem which is the connection from promotional activities for products towards customers’ loyalty in the fast fashion industry. The gap we examined previously including products promotion, customer loyalty and in the context of fast fashion industry have been answered and fulfilled now. This can help businesses and companies in fast fashion industry know and update about what their consumers care and be impacted in the great ways when shopping in their clothing stores and experiencing their promotional campaigns. Besides, it provides good suggestions for fast fashion retailers to engage with their customers by involving them closely with brand community which can lead and enhance the customer-brand relationship sustainably. Last but not least, this thesis wants to trigger and bring new fruitful discussion towards future researchers to research further this area and topic about how fast fashion’s approaches impact on that relationships towards consumer via their product promotion strategies which can be considered as customers’ loyalty.

7.2 Managerial, societal and ethical implications

Putting aside the conclusions of our study, we believe that the results obtained in our study can also be used to help companies in the same sector in order to improve and optimize their customer loyalty. At the same time, ethical considerations arise due to that.

7.2.1 Managerial implications

Once analyzed the data obtained, we can generally describe what the current fast fashion industry can focus on in order to maximize and optimize customer loyalty. Every company/brand is different from each other, with their own clientele, their own and unique marketing campaigns, values, etc. Nevertheless, there are common key points that altogether create a path among all of them. As stated before, our findings on this research described customer loyalty in the case of Zara as the result of promotional activities primarily aiming towards POP Display, which this directly affects the following factors: Perceived Value, Customer Relationship, and Trustworthiness, leading to an optimization of customer loyalty.
for Zara. Even though each company is unique, we can use Zara as a base example to follow since Zara is a well-known brand with a clear vision, and it has been able to transmit that to its customers.

Our findings emphasize then, the importance of the three factors mentioned above (Perceived Value, Customer Relationship, and Trustworthiness) among all the other as the ones to focus the promotional activities to achieve customer loyalty. The fast fashion industry has as its advantage that the product its offering is usually not too expensive. Nevertheless, the product is probably fashion, updated, and trendy, in other words, attractive to the customer. For this reason, the fast fashion industry plays with a high advantage in order to be able to influence the customer’s Perceived Value. Since the Perceived Value is the benefit that the customer gets from what the customer purchases compared to what they expected before purchasing it; the perceived Value from a fast fashion industry product will with a relatively high probability be positive. The customer will get a high fashion product for a reasonable price (as it usually offers fast fashion industries) thus leading to a high perceived value from the customer “I got THIS, just for THIS price” kind of experience.

On the other hand, customer relationship, the way the customer perceives the brand is crucial too. If, for instance, the fast fashion company brand is shown as an “expensive” store (apparently) and the product price is quite reasonable the customer’s Perceived Value will increase: If the customer has the feeling to go into a beautiful store, high-quality brand, high fashion, and trendy product but affordable price the result is that the customer relationship would be positive. For this reason, how the brand is shown to the customer is crucial for positive customer loyalty. Fast fashion brands should focus on giving this feeling to the customer in order to, later on, be able to influence Perceived Value, as mentioned above.

Our findings lead to the importance of Trustworthiness too. In fact, it is one of the most important factors to take care of for a company since if the brand inspires customer loyalty it can lead to the fact that the consumer will stay faithful to the brand even if the satisfaction level is not very high. For this reason, Trustworthiness is one key point to achieve for any fast fashion industry. It would be recommendable focusing on concern and benevolence towards the customer since it is the two most relevant factors from the five dimensions of Trustworthiness described by Sekhon et al., (2014). The fast fashion industry companies can focus on that by making as much interaction with the customer as possible. From the moment when the customer comes to the store, saluting, asking if they need help and being as present as possible, until they leave it. This will lead to making the customer “important” and showing that the company cares.

Nowadays, customers buy more online; for this reason, this specific point is essential when it comes to meeting the customer at a physical store. The fast fashion industry is very popular for customers to purchase online as well; therefore, it is important not to forget to show caring in order to achieve Trustworthiness even via the internet. The fast fashion industry company’s webpage can focus on concern and benevolence online as well. In fact, the fast fashion industry should focus on those factors even more since the personal relationship with the employee lacks. Recommendations to develop these points online can be a personal shopping option, questionnaire to get help, and an easy website to browse that offers comfort
to the customer. It is essential to have in mind that the webpage has to be attractive for the customer so that he spends as much time as possible purchasing in the company. The internet offers many possibilities, and it is fast and easy for the customer to “leave the store” at the slightest discomfort.

Despite the uniqueness of each fast fashion company, we believe that in order to affect customer’s loyalty; companies need to regularly work on those three main factors presented above, providing the customer enough input to impact his satisfaction and affection with the brand.

7.2.2 Societal and ethical implications

As previously commented in this research (chapter 4), our concerns for total transparency in regards to what we needed from the respondents of the conducted survey have always been a top priority. We needed to make sure that our demands were clear and concrete, leading to no possible misinterpretation on our needs. None of the participants of our research were forced, threatened, or mislead in order to participate in it. All participants accepted freely to conduct our questionnaire by simply opening the provided link. For this matter of speak, we are confident that the total procedure of the research has been done following strict ethical and moral considerations. The primary goal of this research is to shed light of the theoretical gap found with the aim to help companies on the sector or similar ones by analyzing a concrete case which is Zara in the Spanish marketplace.

The results obtained created a pathway from Zara’s product promotion activities which the most relevant is POP Display, to customer implications which are Perceived Value, Customer Relationship, and Trustworthiness, leading altogether to customer loyalty. From one side of the picture, our recommendations can be used as a blueprint for companies in order to affect customer loyalty, hence, affecting/leading directly towards a mid-long-term increase of profit for the company making use of this formula. At the same time, this way to proceed from companies can be debatable. Different authors have debated which are the moral limits of companies in order to achieve their goals, Smithey and Barry (2009) discussed on their research on what are the moral limits of companies in using emotions in order to persuade/impact into their customers. The limits of morality become less clear once profit, results, and better and bigger market share comes in to play. As presented in chapter 3, section 3.3.3, as well as in the results of our study, trustworthiness is the biggest dimensions that a brand can share with its customers. By this case stated, when emotions/trust arise on customer minds, the companies can act and do anything they want due to the fact that they know that their customers will remain loyal. Hence, providing profit to the company. For this reason, and as stated previously, the ultimate goal of this research is to contribute to the understanding of how do Zara’s promotional activities affect customer loyalty.

Additionally, fashion retailers have influenced on the environment. This industry ranks the second in the world (oil industry ranks the first) about polluting the environment. The higher
the growth of this industry is, the more damage it can cause to the environmental. At the same time, the awareness of people about this problem has been popularized. As a result, it would affect on their mindsets and behaviors when purchasing fashion items. For instance, they would prefer to buy fashion goods made in places or firms with proper environmental regulations in their production, or more likely to purchase the organic fibers that do not produce chemical materials or production.

7.3 Quality criteria

There are two crucial facts to consider in a research: The reliability and the validity of the results studied. Reliability is seen as the consistency of the results of the research, according to Bryman and Bell (2011): “Reliability refers to the consistency of a measure of a concept.” By the other hand, validity, in quantitative studies, it has been seen by David and Sutton (2011) as a validation tool and whether it is measuring what it was meant to measure. Reliability is commonly connected with quantitative research due to its constancy while measuring a concept. Bryman and Bell (2011) stated that reliability refers to the consistency of a measure of a concept.

On this research, we made use of different multi-item scales, and therefore, the data obtained it has been tested by the usage of Cronbach Alpha calculations (see chapter 5). Based on Tavakol and Dennick (2011), the meaning of consistency’s coefficient should be between 0.7 and 0.95, but there might be exceptions when there is used lower meaning than 0.6. On our research situation, we can say that based on this, all of our analyzed constructs scored above 0.7 on the Cronbach Alpha tests, being the 0.719 lowest. Overall, all the data obtained on this study, we can empirically say that has strong internal consistency due to its strong correlation values (Bryman, 2012, p. 170). Nevertheless, since this case study its been performed in the Spanish market, in case of being replicated; the results may show differences in regard of the region that the new research takes place or the ethnicity of the specific targeted population.

By the other hand, when it comes to validity, we can understand by up to what extent our research is measuring the right elements that need to be measured. When it comes to the validity of this research, and as previously described in Chapter 4, we made use of already tested question by experts concerning specific topics (such as Perceived Quality, Attributes, Loyalty, and more). By doing that, we could make sure that every question is supported, and backed up by theories. By making use of predefined and tested items, we make sure that we are using accepted ways to tests the different hypothesis, leading to a stronger overall validity.

7.4 Recommendation for Future Research and limitations of the study

Our results, discussion, and analysis can be developed and held to several suggestions for future research. A longer and broader study could be made, including a qualitative method such as interviews with customers, employees, and others. Thus, the researcher would have
a broader perspective and amount of results to analyze, which would increase the validity of the study.

Future research could also address the impact of product promotion on customer loyalty regarding the store size. In other words, the importance of how big the store is as a factor to analyze towards better customer relationship and customer loyalty. This would be an interesting future research since the volume of the store could be a significant variable. Thus, has not specifically being analyzed in this research, but we find it significant and interesting for future research. In this specific research, the focus was set on the store Zara, which usually owns vast stores in the city center of important cities around the world. Nevertheless, the smaller the store is, the higher possibility that less different employees work there which can make the customer recognize, know and establish a relationship with the employees in a shorter time thus having a positive impact on customer loyalty.

The findings from this research regarding the impact of product promotion on customer loyalty show the importance of the customer relationship and their perception of the brand. It would, therefore, be interesting to investigate whether variables make the customers perception from a psychological point of view, what makes the customer be more or less positive and how the brand itself can improve to influence it. It is well known for the importance of the colors, logotype, and other factors that affects customer perception and customer loyalty. For this reason, to develop this point from Zara’s point of view would be particularly interesting since it is a well-known and successful brand so far, to take into account as a positive example of success in this aspect.

Having seen that the results of this study significantly enlighten how impactful product promotion is towards creating and building customer loyalty, can be used as a blueprint for future research on this field. During the process, we have found ourselves with different limitations that could affect the outcome of the overall study. First and foremost, since our choice of sampling technique is a non-probability one, that limits our research in the way that we cannot make statistical inferences about the population, as mentioned above on chapter 4, only general directions can be offered (Shiu et al., 2009, p.462). Nevertheless, it is for this reason that the optimal way to approach a study like this would be through the usage of a probability sampling technique. Thus, it will be able for the researcher to extract a better and more validated conclusion for a broader spectrum of the population. With it, each case would have the same chance of being selected from the population, by that making generalization of the obtained results, possible.

As previously mentioned, future research on this topic could consider doing a commissioned research, in order to develop an extensive research about it, being able to even extend the research itself by including industry-specific factors as well as cultural related ones.
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APPENDIX

Appendix 1. English Survey

Zara survey

Hello,
We are two students from the MSc of Marketing program at Umeå University (Sweden). We’re conducting this research on the impact of Products’ promotion on Customer Loyalty in the case of Zara. Therefore, we’d love to hear about your actual experiences and feedbacks from shopping clothes at Zara. This research is only used for this study, not for any commercial purposes. This should only take 5 minutes, and your responses are completely anonymous.

Questions marked with an asterisk (*) are required.

We really appreciate your input!

Thank you so much for your time!

Victor & William

* Required

1. 1- What is your age? *
   Mark only one oval.
   - 18-25
   - 26-35
   - 36-45
   - 46-55
   - 56-64
   - 65+

2. 2- What is your gender? *
   Mark only one oval.
   - Female
   - Male
   - Prefer not to say

3. 3- Have you ever bought clothes at Zara? *
   Mark only one oval.
   - Yes  Skip to question 4.
   - No   Skip to "Thank you so much for your time, dedication and effort into participating in our survey."

Below are questions regarding your own actual experience from shopping for clothes at Zara. Please help to answer as honestly as possible.
4. **4- How often do you buy clothes from Zara?** *
   *Mark only one oval.*
   - Once per six month
   - Once every third month
   - Once every second month
   - Once a month
   - Twice a month
   - Once a week
   - Several times a week

5. **5- The price of Zara's clothes is a good indicator of its quality.** *
   *Mark only one oval.*
   
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6. **6- You are always willing to pay a bit more for the better Zara's clothes.** *
   *Mark only one oval.*

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7. **7- When shopping at Zara, I compare the prices of different clothes at its stores.** *
   *Mark only one oval.*

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8. **8- Clothes at Zara which are on sales/discounts are a reason for me to buy it.** *
   *Mark only one oval.*

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9. **9- Fashion Brands with sales/discounts have my higher priority than other brands to buy clothing products.** *
   *Mark only one oval.*

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10. **10- When Zara has sales/discounts, it makes me want to buy more products from them.**
   *Mark only one oval.*

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   Totally disagree |   |   |   |   |
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11. **11- Product displays and visibilities at Zara stores are visually appealing to catch attention.** *
   *Mark only one oval.*

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   Totally disagree |   |   |   |   |
   Totally agree |   |   |   |   |

12. **12- Displays and visibilities at Zara stores provide needed information about the referred products and services.** *
   *Mark only one oval.*

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13. **13- Most Product displays and visibilities at Zara stores makes right claims of the referred products.** *
   *Mark only one oval.*

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   Totally disagree |   |   |   |   |
   Totally agree |   |   |   |   |

14. **14- Product displays and visibilities at Zara stores give me the comprehensive benefit info of its usage.** *
   *Mark only one oval.*

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   Totally disagree |   |   |   |   |
   Totally agree |   |   |   |   |

15. **15- Appealing product displays and visibilities at Zara stores makes me want to buy more clothes.** *
   *Mark only one oval.*

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   Totally disagree |   |   |   |   |
   Totally agree |   |   |   |   |
16. **Product displays and visibilities at Zara stores makes me spend more time in the shop.**
   
   *Mark only one oval.*

   1 2 3 4 5

   Totally disagree  [ ] [ ] [ ] [ ] [ ] Totally agree

17. **When I go shopping at Zara, quality of clothes matters.**
   
   *Mark only one oval.*

   1 2 3 4 5

   Totally disagree  [ ] [ ] [ ] [ ] [ ] Totally agree

18. **When I go shopping at Zara, quality of clothes influences my satisfaction.**
   
   *Mark only one oval.*

   1 2 3 4 5

   Totally disagree  [ ] [ ] [ ] [ ] [ ] Totally agree

19. **Whenever I go to buy clothes in Zara, I always pay strong attention to quality.**
   
   *Mark only one oval.*

   1 2 3 4 5

   Totally disagree  [ ] [ ] [ ] [ ] [ ] Totally agree

20. **I would continue to buy products in Zara even if the prices were increased somewhat.**
   
   *Mark only one oval.*

   1 2 3 4 5

   Totally disagree  [ ] [ ] [ ] [ ] [ ] Totally agree

21. **The price of the products I have bought in Zara is reasonable considering the value I receive.**
   
   *Mark only one oval.*

   1 2 3 4 5

   Totally disagree  [ ] [ ] [ ] [ ] [ ] Totally agree
22. **22- The clothes I buy at Zara’s stores must be worth my money spent.** *  
*Mark only one oval.*

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23. **23- The clothes I buy at Zara’s stores must be worth my time spent.** *  
*Mark only one oval.*

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24. **24- I believe that the attributes of the clothes that I bought from Zara influence my satisfaction.** *  
*Mark only one oval.*

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25. **25- The positioning of Zara’s products in their stores play a vital role in the creation of my perception.** *  
*Mark only one oval.*

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26. **26- The brand image of Zara affects my desire to buy their products.** *  
*Mark only one oval.*

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27. **27- I prefer Zara rather than other brands.** *  
*Mark only one oval.*

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28. 28- I believe that Zara can deliver their promised values/benefits. *
   Mark only one oval.
   1  2  3  4  5
   Totally disagree   Totally agree

29. 29- I believe that my time spent buying clothes at Zara is worth it. *
   Mark only one oval.
   1  2  3  4  5
   Totally disagree   Totally agree

30. 30- I believe that Zara is honest in providing theirs after sales services. *
   Mark only one oval.
   1  2  3  4  5
   Totally disagree   Totally agree

31. 31- I would recommend Zara to a friend. *
   Mark only one oval.
   1  2  3  4  5
   Totally disagree   Totally agree

32. 32- If asked, I would say good things about Zara's products. *
   Mark only one oval.
   1  2  3  4  5
   Totally disagree   Totally agree

33. 33- To what extent does a strong relationship with Zara increase your loyalty towards the company?

Thank you so much for your time, dedication and effort into participating in our survey!
Appendix 2. Spanish Survey

Encuesta Zara

Hola!
Somos dos estudiantes del Máster en Marketing de la Universidad de Umeå (Suecia) y estamos realizando un estudio sobre el impacto de los productos en promoción en crear / generar lealtad en un cliente para con la marca Zara. Es por este motivo, nos encantaría conocer de tus experiencias en Zara. Cabe remarcar, que este estudio es utilizado únicamente para este estudio y no esta sujeto a ningún interés comercial. Este cuestionario requiere solamente de 5 minutos de su tiempo para ser realizado, además, sus respuestas son completamente anónimas.

Las preguntas marcadas con un asterisco (*) son requeridas para completar el cuestionario!

Muchas gracias por su tiempo y ayuda!

Víctor y William

* Required

1. 1- ¿Qué edad tienes? *
   
   Mark only one oval.
   
   - 18-25
   - 26-35
   - 36-45
   - 46-55
   - 56-64
   - 65+

2. 2- ¿Cuál es su género? *
   
   Mark only one oval.
   
   - Mujer
   - Hombre
   - Prefiero no decirlo

3. 3- ¿Alguna vez has comprado ropa en Zara? *
   
   Mark only one oval.
   
   - Sí Skip to question 4.
   - No Skip to "¡Muchas gracias por su tiempo, dedicación y esfuerzo en participar en nuestra encuesta!"

A continuación hay preguntas en relación con su experiencia real y personal de comprar ropa en Zara. Por favor ayude a responder de la manera más honesta y
precisa que pueda.

4. ¿Con qué frecuencia compras ropa en Zara? *
   
   Mark only one oval.

   - Una vez cada seis meses
   - Una vez cada tres meses
   - Una vez cada dos meses
   - Una vez al mes
   - Dos veces al mes
   - Una vez a la semana
   - Varias veces por semana

5. El precio de la ropa de Zara es un buen indicador de su calidad. *
   
   Mark only one oval.

   1  2  3  4  5
   Totalmente en desacuerdo   Totalmente de acuerdo

6. Siempre estás dispuesto a pagar un poco más por la mejor ropa de Zara. *
   
   Mark only one oval.

   1  2  3  4  5
   Totalmente en desacuerdo   Totalmente de acuerdo

7. Al comprar en Zara, comparo los precios de diferentes prendas en sus tiendas. *
   
   Mark only one oval.

   1  2  3  4  5
   Totalmente en desacuerdo   Totalmente de acuerdo

8. La ropa en Zara que está de rebajas o tiene descuentos es una razón para que la compre. *
   
   Mark only one oval.

   1  2  3  4  5
   Totalmente en desacuerdo   Totalmente de acuerdo
9. Para mí, las marcas de moda con rebajas o descuentos tienen mayor prioridad que otras marcas para comprar su ropa. *
Mark only one oval.

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10. Cuando Zara tiene rebajas o descuentos, tengo más ganas de comprar estos productos. *
Mark only one oval.

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11. Los expositores de productos (publicidad en el lugar de venta) en las tiendas Zara son visualmente atractivos para llamar la atención. *
Mark only one oval.

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12. Los expositores de productos (publicidad en el lugar de venta) en las tiendas Zara proporcionan la información necesaria sobre los productos y servicios referidos. *
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13. La mayoría de los expositores de productos (publicidad en el lugar de venta) en las tiendas Zara hacen afirmaciones correctas con lo que hacen referencia. *
Mark only one oval.

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14. Los expositores de productos (publicidad en el lugar de venta) en las tiendas Zara transmiten la información completa sobre los beneficios de su uso. *
Mark only one oval.

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15. **Atractivos expositores de productos (publicidad en el lugar de venta) en las tiendas Zara hacen que tenga ganas de comprar más ropa. *\)**

*Mark only one oval.*

1 2 3 4 5

Totalmente en desacuerdo ☐ ☐ ☐ ☐ ☐ Totalmente de acuerdo ☐ ☐ ☐ ☐ ☐

16. **Los expositores de productos (publicidad en el lugar de venta) en las tiendas Zara me hacen pasar más tiempo en la tienda. *\)**

*Mark only one oval.*

1 2 3 4 5

Totalmente en desacuerdo ☐ ☐ ☐ ☐ ☐ Totalmente de acuerdo ☐ ☐ ☐ ☐ ☐

17. **Cuando voy de compras a Zara, la calidad de la ropa es importante. *\)**

*Mark only one oval.*

1 2 3 4 5

Totalmente en desacuerdo ☐ ☐ ☐ ☐ ☐ Totalmente de acuerdo ☐ ☐ ☐ ☐ ☐

18. **Cuando voy de compras a Zara, la calidad de la ropa influye en mi satisfacción. *\)**

*Mark only one oval.*

1 2 3 4 5

Totalmente en desacuerdo ☐ ☐ ☐ ☐ ☐ Totalmente de acuerdo ☐ ☐ ☐ ☐ ☐

19. **Siempre que voy a comprar ropa en Zara, presto mucha atención a la calidad. *\)**

*Mark only one oval.*

1 2 3 4 5

Totalmente en desacuerdo ☐ ☐ ☐ ☐ ☐ Totalmente de acuerdo ☐ ☐ ☐ ☐ ☐

20. **Seguiría comprando productos en Zara incluso si los precios aumentasen un poco. *\)**

*Mark only one oval.*

1 2 3 4 5

Totalmente en desacuerdo ☐ ☐ ☐ ☐ ☐ Totalmente de acuerdo ☐ ☐ ☐ ☐ ☐
21. 21- El precio de los productos que he comprado en Zara es razonable considerando el valor que recibo. *
Mark only one oval.

1 2 3 4 5

Totalmente en desacuerdo ○ ○ ○ ○ ○ Totalmente de acuerdo

22. 22- La ropa que compro en las tiendas de Zara ha de valer la pena el dinero pagado en ella. *
Mark only one oval.

1 2 3 4 5

Totalmente en desacuerdo ○ ○ ○ ○ ○ Totalmente de acuerdo

23. 23- La ropa que compro en las tiendas de Zara ha de valer la pena el tiempo invertido en ella. *
Mark only one oval.

1 2 3 4 5

Totalmente en desacuerdo ○ ○ ○ ○ ○ Totalmente de acuerdo

24. 24- Creo que los atributos de la ropa que he comprado en Zara influyen en mi satisfacción. *
Mark only one oval.

1 2 3 4 5

Totalmente en desacuerdo ○ ○ ○ ○ ○ Totalmente de acuerdo

25. 25- La ubicación de los productos de Zara en sus tiendas juega un papel vital en la creación de mi percepción. *
Mark only one oval.

1 2 3 4 5

Totalmente en desacuerdo ○ ○ ○ ○ ○ Totalmente de acuerdo

26. 26- La imagen de marca de Zara influye en mi deseo de comprar sus productos. *
Mark only one oval.

1 2 3 4 5

Totalmente en desacuerdo ○ ○ ○ ○ ○ Totalmente de acuerdo
27. 27- Prefiero Zara en lugar de otras marcas. *  
*Mark only one oval.

1 2 3 4 5

Totalmente en desacuerdo ☐ ☐ ☐ ☐ ☐ Totalmente de acuerdo

28. 28- Creo que Zara puede entregar sus valores / beneficios prometidos. *  
*Mark only one oval.

1 2 3 4 5

Totalmente en desacuerdo ☐ ☐ ☐ ☐ ☐ Totalmente de acuerdo

29. 29- Creo que mi tiempo dedicado a la compra de ropa en Zara vale la pena. *  
*Mark only one oval.

1 2 3 4 5

Totalmente en desacuerdo ☐ ☐ ☐ ☐ ☐ Totalmente de acuerdo

30. 30- Creo que Zara es honesta al proporcionar sus servicios post-venta. *  
*Mark only one oval.

1 2 3 4 5

Totalmente en desacuerdo ☐ ☐ ☐ ☐ ☐ Totalmente de acuerdo

31. 31- Recomendaría Zara a un/a amigo/a *  
*Mark only one oval.

1 2 3 4 5

Totalmente en desacuerdo ☐ ☐ ☐ ☐ ☐ Totalmente de acuerdo

32. 32- Si me preguntan, diría cosas buenas sobre los productos de Zara. *  
*Mark only one oval.

1 2 3 4 5

Totalmente en desacuerdo ☐ ☐ ☐ ☐ ☐ Totalmente de acuerdo

33. 33- ¿Qué factores influirían en aumentar su lealtad hacia la empresa (Zara)?
# Appendix 3: Survey Construction

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<th>Adapted/Modified from</th>
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| Intro | Hello  
We are two students from the MSc Marketing program at Queen’s University. We’re conducting this research on the impact ofZara’s promotionon Consumer Locality in the case of Zara. Therefore, we’d love to hear about your actual experiences and feedbacks from shopping clothes at Zara. This research is only used for this study, not for any commercial purposes. This should only take 3 minutes, and your responses are completely anonymous. Questions marked with an asterisk (*) are required. We really appreciate your input! Thank you so much for your time! |
| Age | Your age  
16-25; 26-35; 36-45; 46-55; 56-64; 65+ |
| Gender | Your gender  
Male; Female |
| Shopping at Zara | Have you ever bought clothes from Zara?  
Yes; No |
| Shopping Frequency at Zara | How often do you buy clothes from Zara?  
Once per six months; Once every third month; Once every second month; Once a month; Twice a month; Once a week; Several times a week |
| Promotional Pricing | The price of Zara’s clothes is a good indicator of its quality.  
You are always willing to pay a bit more for the better Zara’s clothes.  
Clothes at Zara which is on sale/discounts is a reason for me to buy it.  
Fashion Brands with Sales/Discounts have my highest priority than other brands to buy clothing products.  
When Zara has Sales/Discounts, it makes me want to buy more products from them.  
| Lichtenstein, Ridgway, and Netemeyer 1993 | Spilios and Kendall 1986; Spilios and Spilios 1990 and Lichtenstein, Ridgway, and Netemeyer 1993 |
| POP Display | Product displays and visualizes at Zara stores are visually appealing to each attention  
Displays and visualizes at Zara stores provide needed information about the products and services.  
Most displays and visualizes at Zara stores makes right clams  
Product displays and visualizes at Zara stores give me the comprehensive benefit info of its usage  
Appealing product displays and visualizes at Zara stores make me want to buy more clothes.  
Product displays and visualizes at Zara stores make me spend more time in the shop.  
| Perceived Quality | When I go shopping at Zara, quality of clothes matters.  
When I go shopping at Zara, quality of clothes influences my satisfaction  
When I go shopping at Zara, quality of clothes influences my satisfaction  
When I go shopping at Zara, quality of clothes influences my satisfaction.  
| Wurtz Atmar, Zeenath Mameen, Alhas Shafir, Awaits Ur Rehman 2015 |
| Perceived Value | I would continue to buy products in Zara even if the prices were increased somewhat  
The price of products I have bought in Zara is reasonable considering the value I receive  
The clothes I buy at Zara’s stores must be worth my money spent.  
The clothes I buy at Zara’s stores must be worth my time spent.  
| Lichtenstein, Ridgway, and Netemeyer 1993 |
| Attributes | I believe that product attributes of clothes bought from Zara influence my satisfaction  
Positioning of the Zara’s clothing product can play an vital role in creation of my perception  
I prefer Zara to other brands  
I believe that Zara can delivering their promised values/benefits.  
I believe that buying clothes at Zara worth my time spent.  
I believe that Zara company is honest in providing the after sales services  
| Lichtenstein, Netemeyer, and Barden 1990 |
| Customer Relationship | A brand image of Zara affects my wish to buy company’s products.  
I prefer Zara to other brands  
Confidence in delivering their promised values/benefits.  
I believe that buying clothes at Zara worth my time spent.  
| Lichtenstein, Netemeyer, and Barden 1990 |
| Loyalithy | I would recommend Zara to a friend  
If asked, I would say good things about Zara products  
|