A ROMANIAN PERSPECTIVE ON CUSTOMER LOYALTY FOR DIRECT SELLING COMPANIES

Claudia BOBALCA[*]

Abstract: *The purpose of the research is to investigate Romanian direct sellers' perceptions on customers' loyalty. The research objectives are: (1) to identify the direct sellers' perceptions on the concept of loyalty; (2) to identify the main loyalty techniques that direct sellers use in their work with the clients; (3) to frame the portrait of a loyal customer.*

As a research method, we used qualitative research based on depth interviews. It is an exploratory and instrumental research, the results being used for building a questionnaire for a future survey. The investigated population is represented by direct selling women, with ages beteeen 19 and 30 years. For direct sellers, loyalty is an attitude and also a behavior, it means buying from the same company, from the same seller and preferring the products of the company. The main loyalty techniques that direct sellers use in their work with the clients are: promotional actions, personalization the relation with the client and offering stimulants. The loyal customer is the one who buys companies' products every month or at least quarterly, spends a monthly amount of 100 Ron on these products, works with the same seller, pays on time for the order, doesn't look only after promotions, loves the products, recommends the company to others, doesn't return the order, wants to buy more products from the company and trusts its products.

INTRODUCTION

There are very few studies on direct marketing loyalty and even fewer on direct sale field in Romania. The marketing and psychology theory supports the existence of four dimensions of loyalty. Based on this approach, models have been developed (Oliver, 1999; Harris and Goode, 2004; Evanschitzky and Wunderlich, 2006), not including the direct sales example though.

Direct selling is a growing industry in Europe. According to the European Direct Selling Association, over 5 million people are engaged in direct selling in European Union. Direct selling companies offer in Europe permanent employment to over 25,000 people and 76% of the products they sell are manufactured in Europe.

In Romania, direct sale is a very common sale method due to its advantages: comfort ability, time and money saving. The total sales from direct selling in 2013 in Romania are about 242 million Euros. In this industry there were 2925611 sale representatives in 2013[†]. 82% of them were women. Cosmetics are among the categories most frequently ordered by Romanians using direct sales representatives.

---

[*] Lecturer, Faculty of Economics and Business Administration, Al. I. Cuza University of Iasi, Romania; e-mail: iuliana.bobalca@uaic.ro.
[†] For more details see http://www.seldia.eu/images/pdf/2013_stat_general_presentation31072014.pdf

This study takes advantage of the less approached research field. It is an incursion in the study of perception on loyalty of direct sales companies' customers. This is only the first step from a wider research that is to be continued by a qualitative and quantitative research on a sample of clients of sales representatives.

The purpose of the research is to investigate Romanian direct sellers' perceptions on customers' loyalty.

The research objectives are:

(1) to identify the direct sellers' perceptions on the concept of loyalty;

(2) to identify the main loyalty techniques that direct sellers use in their work with the clients;

(3) to frame the portrait of a loyal customer.

1. THE STUDY OF CLIENTS LOYALTY FOR DIRECT SELLING COMPANIES

Loyalty represents a profound commitment to repeat the buying process of a favorite product or service, generating a continual buying behavior of the same brand or product, apart from situational influences of competitive companies marketing efforts (Oliver, 1997). Before 1970 loyalty was considered to be only a continual buying behavior but Day introduces the approach supporting that loyalty has to be considered as a relationship between attitude and behavior (Kuusik, 2007). Approaching loyalty as a two dimensional concept is very practical and is explained in studies that prove the multi dimensional characteristic of this phenomenon. The two dimensional approach of loyalty facilitates the identification of customers' segments as a function of loyalty level and marketing strategies adapted for attracting specific types of customers (Baloglu, 2002, p. 49).

Considering the two dimensional approach, four dimensions of loyalty are proposed: cognitive, affective, conative and behavioral loyalty.

The cognitive loyalty was defined and measured as attributes' performances evaluation associated to a company or a product (Evanschitzky and Wunderlich, 2006). Affective loyalty is the affective global evaluation, a mood (Evanschitzky and Wunderlich, 2006). Conative loyalty is the customer's behavioral intention to continue to buy a company's products. The intention needs to be accompanied by a commitment to the respective company (Evanschitzky and Wunderlich, 2006). The behavioural loyalty becomes obvious when customers have nice words to say about the company, express their preference for the company, buy bigger quantities or more often, are able to pay more for the same products or indicate by their behaviour that they are connected with the company (Zeithaml et al., 1996, p.34).

Direct sale is a "face-to-face sale, in a non-commercial location" (Peterson and Wotruba, 1996, p.2). A detailed similar approach defines direct selling as a way to "sell products and services directly to consumers, at their home or their friends, at workplace or other similar places, except stores, using presentations and demonstrations made by direct sellers " (Xardel, 1993, p. 3).

For a direct selling company, direct marketing is a strong as useful instrument in order to build solid and profitable relationships with its clients (Mallin, 2007). Direct selling, as a component of relationship marketing, creates a customized relation between the parts involved in the transaction and sustains this relationship on a long time. From the consumer perspective, personal „face to face" interaction with the seller offers the opportunity of social interaction, which is an extremely favorable factor for direct selling development (Luk, et al., 1999). Direct selling companies based more on sellers relationship capabilities then the impersoanl communication types with potential and actual clients (for instance, the advertising) (Alturas and Santos, 2009).

The main benefits of this type of selling are flexibility and information exchange. The flexibility is generated by the absence of a certain location or a certain schedule. The ability of face to face interaction facilitates the integration of all senses. The potential buyer can explain his requests and can receive the information he needs. For cosmetics products, demonstrations can be organized and the consumers can be helped to use the appropriate products.

Observing the lack of studies in direct selling filed, Peterson and Wotruba (1996) suggest some issues to be investigated: the relation between the buyers and the sellers, the characteristics of direct sellers, the characteristics of clients buying from direct selling companies, the reasons for buying the products and the factors determining the repeating purchase. Albaum (1992) also suggests new research directions in this area, both from the buying perspective and the selling perspective.

Direct sale is very used in Romania, especially in the cosmetic products sector. According to statistics of Direct Sale Association from Romania, the most important companies in the non-retail cosmetic sector, considering the market share criterion, are Avon, Oriflame and Amway. These three companies gather 24.2% market share of this market[*].

---

[*] For more details see http://www.rodsa.ro

2.   RESEARCH METHOD

The research method was the semi-structured depth interview. The depth interview is the most appropriate variant in this situation, given the reasons presented below. One reason is that participants represent companies that compete on the direct sale cosmetic products market and they cannot reveal information about clients/customers or administration methods of relating with them (Malhotra, 1996, p. 177). Another reason is that these persons are part of different age groups. Gathering them in focus groups is not a proper method due to heterogeneity of the resulted group (Malhotra, 1996, p. 166). On the other hand, participants' limited time reduces the chances to gather them all the same day and the same time interval. In order to avoid the week study participation, an individual approach was preferred using interviews based on subjects' schedule that compose the sample.

This is an exploratory and instrumental research. Research results are used in order to build a survey questionnaire for a future quantitative research.

The necessity to conduct a qualitative research is justified by the lack of exploratory studies on Romanian cosmetics direct sales market. Also, in the documentary study of this research there was not identified a scale to measure loyalty for the four dimensions (cognitive, affective, conative and behavioural), for direct sale cosmetic products.

3.   RESEARCH SAMPLING

The investigated population consists of cosmetics direct sale representatives, women, ages between 19 and 30. Studies reveal that about 50% of cosmetics direct sale representatives are college graduated persons with ages between 19 and 30[*]. According to the European Direct Selling Association, over 12 million of persons are active in direct selling in Europe out of which 80% are women[†].

People invited to participate at the depth interviews have to fulfill the following requests: ages between 18 and 30; to be a representative of a single direct sale cosmetics company; to work for the respective company for minimum 2 years (this request is needed in order to make sure each representative had enough time to know its customers very well and be able to quantify loyalty).

The final sample consisted of 31 participants, representatives of Avon, Oriflame and Amway. Participants' selection was based on a selection questionnaire. The selection questionnaire is

---

[*] See http://www.rodsa.ro/v-direct.htm
[†] See http:// www.seldia.eu/index.php?option=com_content&view=article&id=22&Itemid=122

composed of an introduction that informs participants about the research subject and has the purpose to obtain the participation agreement for the interview, two filter questions that allow the selection of subjects to fulfil the conditions presented above and a section with the contact data of subjects. The sample method is the "snow ball" that brings in the study participants that are people from the personal environment of the initial participants and their recommendations (Bobalca et al, 2013).

4. RESEARCH INSTRUMENT

The interview guide was edited using the rules and techniques suggested by the specialty literature. Also, before editing the instrument, three un-structured depth interviews with representatives of Avon, Oriflame and Amway were conducted. They were selected from the researchers' environment. Their participation was voluntary. These conversations were very useful in order to select discussion subjects and questions for the instrument (Bobalca et al, 2013).

The first section of the guide is composed of discussion themes referring to actual customers of the representatives: common features, special features, clients' categories. This section puts an accent especially on demographical and behavioral features of clients from the participants' portfolio. These data is useful to identify groups of clients and elements that are specific to behavioral loyalty. In the second section, the subject is asked to describe a loyalty and a loyal client, in order to identify elements that define loyalty, elements that are needed to build the loyalty scales, and to speak about the used techniques to create loyal clients, in order to extract elements that are specific to the buying process that would be evaluated by buyers in the quantitative phase of the research. The third section is composed of three themes, useful for a loyalty study: representatives' interest for loyalty studies, information considered to be necessary and manners to use this information. These data is necessary in order to bring research as close as possible to the real situation of the market and to investigate the managerial usefulness of the research.

The guide was tested on three sales representatives (Avon, Oriflame, Amway). The purpose of this testing phase was to check the coherence of the themes proposed to be discussed and to correct the eventual mistakes. On the other hand, testing had facilitated researchers to become familiar with the investigated subject and formulate questions that direct the conversation in the desired direction.

The interviews were conducted at various hours, depending on participants' schedule. The place also varied depending on their preferences (researchers' offices, University's seminar rooms). The interviews lasted for one hour average.

5. RESEARCH RESULTS

The main data extracted from the interviews with direct sales representatives are organized by categories.

Objective 1: to identify the direct sellers' perceptions on the concept of loyalty;

Loyalty was defined as a behavior („when clients buy from me the products of this company, on the long term", „when they want to buy more from me") and as an attitude („they tell me the like these products", „they recommend these products").

Objective 2: to identify the main loyalty techniques that direct sellers use in their work with the clients;

The following techniques used by sales representatives have been identified:

(a)*Promotional actions:* presenting the products' catalogue, organizing demonstrations, free make-up sessions and invitations to participate at products presentations.

(b)*Personalization the relation with the client:* offering personalized information, recommending products depending on needs and budget, lengthening the payment term, contacting frequent clients, sincerity and seriousness in relationship with the client and products' delivery on time.

(c)*Offering stimulants:* offering bonus products, presents for orders that pass over a certain limit and price discounts.

Objective 3: to frame the portrait of a loyal customer

The study participants characterize their clients depending on:

(a)Age, income and education

(b)Buying frequency, monthly amount of money allocated, duration of relationship, time to pay for the products, preferred products, quantity of bought products and number of representatives.

Depending on the buying frequency, the following clients' categories were identified: those who buy every month, those who buy once in 2 months, once in 3 months, once in 4-6 months and those who buy once a year. Depending on the monthly amount of money allocated, the following clients' categories were identified: those who buy products up to 50 Ron value, between 50 – 100 Ron value, between 100 – 200 Ron value and over 200 Ron value. Depending on the duration of the relationship with the company, two categories were identified: former clients (who buy from the same representative for over 2-3 years) and new clients (who buy from the same representative for less than a year). Depending on the time to pay for the products, participants make two client categories: good

payers (who pay on time or even faster) and bad payers (who delay payment). Depending on the number of representatives, there are clients that collaborate with only one representative and clients who collaborate with more representatives.

In the vision of study, participants divide clients into two categories, depending on the loyalty level: loyal clients and occasional clients.

The characteristics of the loyal client are specific for the four dimensions of loyalty, as they are identified in the specialty literature (Bobalca et al, 2013):

(a)*Cognitive loyalty.* The loyal client at the cognitive level uses constantly a product from the same company, knows the company's products and does not hunt promotions.

(b)*Affective loyalty.* The loyal client at the affective level is the one that likes the company's products and is delighted by the products and also by the relationship with the sales representatives.

(c)*The conative loyalty.* The loyal client at the conative level wants to buy again from the company.

(d)*The behavioral loyalty.* The loyal client is the one that buys every month or at least once in three months products in monthly value of 100 Ron, with a minimum monthly value of 20 Ron, always collaborate with the same representative and pays for the order on time. This client recommends the company's products to people she/he is in touch with, does not return the products and speaks nicely about the company.

These characteristics can be used in order to group clients depending on the loyalty level. These elements are useful in order to choose the loyalty scales. Scales were selected in order to reflect the Romanians behavior as good as possible, that have as many aspects in common with the interview supplied data as possible.

Another dimension correlated to loyalty was identified as trust, an important determinant of loyalty. The loyal client trusts the company's products, the sales representative, the products' quality and the brand.

Based on the information from the qualitative research we had built the items to be included in the questionnaire.

First, we used some data to investigate the buying behavior:

•How often did you order products from this company during the last year?

□Every month　　　　□Once in 2 months　　　　□Once in 3 months　　　　□Once in 4-6 months

□Only once

•How much did you pay for the last order?

□ up to 50 Ron　　　　□ 51- 100 Ron　　　　□101-200 Ron　　　　□over 200 Ron

•Do you have a sales representative you contact to buy cosmetic products?

□Yes, one only □Yes, more of them □I don't need a sales representative

•It happens to delay the payment of the products

□Never, I actually pay at delivery or even faster □Never, I even pay faster

□Never, I pay a t the established date □Sometimes □Most of the times □Always

•You buy products from this company for:

□less than a year □1-2 years □3-4 years □5-6 years □for over 6 years

Second, we used the information obtained from the interviews and the documentary study in order to choose and the best loyalty scales and to adjust them for the present study. We searched for the scales from foreign research that reflect better the Romanians' behavior and that have common elements with the data revealed in the qualitative research. Table 1 presents the correlation between the results from the qualitative research and the items chosen from loyalty scales.

CONCLUSIONS

Sales representatives categories clients depending on: age, income, education, buying frequency, monthly average allocated amount of money, duration of the relationship, time to pay for the products, preferred products, quantity of bought products and number of representatives. The characteristics presented by the majority of representatives are specific for behavioral loyalty: the loyal client is the one that buys every month or at least once in three months for an average monthly amount of 100 Ron (the minimum monthly amount is 20 Ron), contacts the same representative every time and pays for the order on time. Cognitive loyalty characteristics have also been identified (knowing and constantly using company's products), affective (emotional preference for products and relationship with the seller) and conative (desire and intention to buy again from the respective company). The obtained results meet those identified by other loyalty studies. Based on them, items were selected from the loyalty scale, items that will be included in the survey questionnaire, for the next step of the study. The trust in products (brand) and sales representative are features of loyal customers. All sales representatives consider that clients' loyalty studies are useful as these results help them attract more clients, modify the manner they present their products or improve the relationship with clients. As specific information the sales representatives are interested in, they mentioned the customer perception on the advantages and disadvantages of the company, the customer perception on the improvements about products, the reasons of buying the products from this company and their level of satisfaction about the company, the products and the sellers.

Table 1 - Loyalty scales items

Data from the qualitative research	Scale items
The loyal customer:	
-„constantly uses a product from the same company”	*I consider that it is preferable to use the products of this company (Cognitive Loyalty scale, Harris and Goode, 2004)*
-„doesn't just look after discounts”	*I consider that this company has the best offers in the present (Cognitive Loyalty scale, Harris and Goode, 2004)*
-„likes the products of the company”	*I consider that what this company has to offer doesn't fit with what I like (Cognitive Loyalty scale, Harris and Goode, 2004)*
	In the last few months I have bought this cosmetics brand because I really like it (Affective Loyalty scale, Quester and Lim, 2003)
-„is pleased with the brand”	*I am pleased to buy this brand instead of other brands (Affective Loyalty scale, Quester and Lim, 2003)*
-„recommends the products to his friends and family”	*I recommend this brand to other people asking me for a piece of advice (Behavioral Loyalty scale, Zeithaml, Berry and Parasuraman, 1996)*
-„doesn't return the products”	*I don't usually return the product I buy (a new item, suggested by the researcher)*
-„tells positive things about the brand and the company ”	*I say positive things about this brand to other people (Behavioral Loyalty scale, Zeithaml, Berry and Parasuraman, 1996)*
-"wants to buy more from this company"	*I intend to buy the same brand in the future (Conative Loyalty scale, Evanschitzky and Wunderlich, 2006)*

FUTURE RESEARCH DIRECTIONS

The study will be continued with a qualitative research on a selected sample of sales representatives' clients, in order to identify the principle aspects that drive to continuous acquisition of cosmetic products. Based on the two qualitative studies and the documentary research, research hypotheses will be formulated. Another future research direction is conducting a quantitative research, in order to measure customers' loyalty and to identify factors that influence their loyalty. According to participants' opinions in the presented study, analyses of loyalty are very important. They need the information in order to improve the relationship with the clients and also the sales value: the reasons that clients buy from a company or a certain sales representative, their degree of satisfaction, aspects that need to be improved about products or relationship with the seller.

ACKNOWLEDGEMENT

REFERENCES

Albaum, G. (1992) *Current Status and Future Directions for Research on Direct Selling Channeles*, in Rosenbloom, B., *Direct Selling Channels*, New York: The Haworth Press, pp. 95-117.

Alturas, B., Santos, M. (2009) *Direct Selling: Consumer Profile, Clusters and Satisfaction*, European Retail Research, Vol. 23, No. I, pp. 47-68.

Baloglu, S. (2002) *Dimensions of Customer Loyalty: Separating Friends from Well Wishers*, Cornell Hotel and Restaurant Administration Quarterly, Vol. 43, February, pp. 47-59.

Bobalca, C., Soponaru, C., Tugulea (Ciobanu), O. (2013) *Perceptia femeilor care lucreaza in vânzarea directa despre loialitatea clientilor*, in Turliuc, M. (2013) Gen, muncă, familie şi schimbare, Editura Institutul European, Iasi, pp. 79-90.

Evanschitzky, H., Wunderlich, M. (2006) *An Examination of Moderator Effects in the Four-Stage Loyalty Model*, Journal of Service Research, Vol. 8, N0. 4, pp. 330-345.

Harris, L., Goode, M. (2004), *The Four Stages of Loyalty and the Pivotal Role of Trust:A Study of Online Service Dynamics,* Journal of Retailing, Vol. 80, No. 2, pp. 139-158.

Kuusik, A. (2007) *Affecting Customer Loyalty: Do Different Factors Have Various Influences in Different Loyalty Levels?,* Tartu: Tartu University Press.

Luk, S., Fullgrabe, L., Li, S. (1999) *Managing Direct Selling Activities in China: A Cultural Explanation*, Journal of Business Research, Vol. 45, pp. 257–266.

Malhotra, N. K. (1996) *Marketing Research, An Applied Orientation,* New Jersey: Prentice Hall.

Mallin, M. (2007) *Social Entrepreneurship and Direct Marketing*, Direct Marketing: An International Journal, Vol. 1, No. 2, pp. 68-77.

Oliver, R. (1997) *Satisfaction: a Behavioural Perspective on the Consumer*, US: McGraw-Hill.

Oliver, R. (1999) *Whence consumer loyalty?,* Journal of Marketing, Vol. 63, pp. 33-44.

Peterson, R.A., Wotruba, T. (1996) *What is Direct Selling?--Definition, Perspectives, and Research Agenda,* The Journal of Personal Selling & Sales Management, Vol. 16, No. 4, pp. 1-16.

Quester, P., Lim, A. (2003) *Product Involvement –Brand Loyalty: Is There a Link?,* Journal of Product and Brand Management, Vol. 12, No. 1, pp. 22-38.

Xardel, D. (1993) *The Direct Selling Revolution*, New York: Blackwell Publishers.

Zeithaml, V., Berry, L., Parasuraman, A. (1996) *The Behavioral Consequences of Service Quality*, The Journal of Marketing, Vol. 60, No. 2, pp. 31-46.