

THE IMPACT OF PROMOTIONAL ACTIVITIES ON PURCHASE DECISION MAKING: “A CASE STUDY OF BRANDS BONITA AND RUGOVE - WATER BOTTLED PRODUCERS”

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Abstract

Marketing is a very important aspect of business, because it contributes to a large extent to the overall success of the organization, thus production and distribution depends exactly on it. Promotional activities and other relevant factor of purchasing decision making attracts customers to at least try the product, and then decide if the quality meet the necessary requirements of their needs and demands. This paper addresses the aspect of promotion strategies and the activities of bottled water with the aim of keeping existing customers and attracting new ones.

The purpose of this paper is to analyze the impact of promotional activities during the decision making process and the buying behavior of bottled water, which is focused basically on two major producers of bottled water in Kosovo. These producers are company BONUS from Prishtina with bottled water brand BONITA and company UNIOR Aqua, which is a branch of UNIOR from Slovenia, producing bottled water in Kosovo with brand RUGOVE.

Both companies produce different types of bottled water in PET and glass packaging and are very committed to meeting the needs of the market, and are also committed to the trend of introducing new products or improving existing ones towards the market needs.

For the purpose of this paper, we conducted a research through questionnaires. Questionnaires were distributed directly and through the use of email to the end users. 200 questionnaires were distributed for this

purpose and feedback was gotten on 150 questionnaires. Target groups selected for interview were of different ages and different professions. Limitations were made only on age and for the purpose of this research, the age under 18 years were excluded. Research was conducted in the main cities of Kosovo and was done in the period between the month of April and June 2013.

Keywords: Promotion, advertising, sales promotion, price, quality

Introduction

Manufacturers of bottled water in Kosovo often face the problem of identifying and implementing a proper marketing strategy on marketing their products and the business of their company as a whole. Thus, the good combination of four elements of marketing, known as marketing mix elements which comprises of production, price, distribution and promotion is the requirement for effective selling and customer satisfaction. Both companies as part of this study research, has done an excellent combination of elements of the marketing mix, in particular, the element of the promotion and promotional activities which has contributed in gaining a market share and do extend and develop new markets within the entire Kosovo market which also include markets of regional countries such are Albania, Macedonia and Montenegro.

Production of bottled water in Kosovo is facing huge competition by domestic producers and also from other producers from EU countries especially from neighboring countries. Today, there are several small and medium size companies that are producing goods and replacing imports, but only few of them are exporting into the markets of regional countries (mainly in Albania and Macedonia) and Western European market¹⁴⁴. Two companies which are part of this research are both exporting in the markets of EU and neighboring countries. As research has shown, both companies today rely on the quality of their products rather than on price competition. They are very well known within the Kosovo markets and their customers and consumers of water are loyal customers only because of the good quality of their products. Promotional activities played a very good role on the early phases of penetration into the Kosovo market, but nowadays, they are keeping customers and gaining new customers through quality products delivery which is fostered by advertisements on the main Kosovo media, both the electronic and the printed media.

¹⁴⁴ Ejup Fejza, *Marketing strategies of bottled water producing companies: the case of Kosovo*” European Scientific Journal, Vol.9, May 2013 edition vol.9, No.13, pg 275.

Advertisements of the range of products, followed by customized advertising and audiovisual spots which attract the attention of consumers, have led to the increase in sales volume and in the numbers of customers. Thus, this has helped in building a strong brand image of these two manufacturing companies and their brands in comparison to other bottled water producing companies in Kosovo.

Company BONUS¹⁴⁵, which produces bottled water by brand name BONITA, has on its assortment of production, natural mineral water and carbonated water on PET and glass packages of different sizes such as: 0.25l, 0.5l and 1.5l and also on Can package of 19.5l, which is used mainly for commercial purposes. Company UNIOR Aqua¹⁴⁶, which produces bottled water by brand name RUGOVE, produces only natural mineral water also on PET and glass packages of different sizes, such as: 0.25l, 0.5l, 0.75l, 1.5 l and 6.0 l, which is known as 5+1l model.

Literature Review

The term "marketing concept" summed the business philosophy of a company, institution or individual that is characterized by the concentration or focus on the customer, expressed through constant effort and harmonious whole enterprise in a bid in meeting the needs and desires of consumers and its objectives of the enterprise¹⁴⁷.

In 1954, Peter Drucker pointed out very clearly the role of marketing for the company's success. Even in today's time, marketing as a concept has value and viability which is uncontested:

*"If we want to know what our job is, then we should start with the mission ... There is only one correct definition of the mission of an enterprise: customer satisfaction. What the company intends to produce is not of primary importance-especially not to the future and its success. What is crucial is that the customer intends to buy; or what represents value-this defines what is your enterprise, what does it produce and whether it will prosper."*¹⁴⁸

The term marketing used in everyday life ranges from media to communication with the public, meetings and talks business profile in various speeches up to social conversations of ordinary people. Often, the marketing term is not used and defined in appropriate way and there are much confusion from individuals and groups which are not associated with marketing.

¹⁴⁵ <http://www.bonusbonita.com>

¹⁴⁶ <http://www.ujerugove.com>

¹⁴⁷ Lisanin, M.T.: Bankarski marketing, Informator, Zagreb, 1997, 8.

¹⁴⁸ Drucker, P.: The Practice of Management, Harper & Row, New York, 1954, citat in page 37 of Evans, J.R.& Berman, B., Marketing, New York, 1987

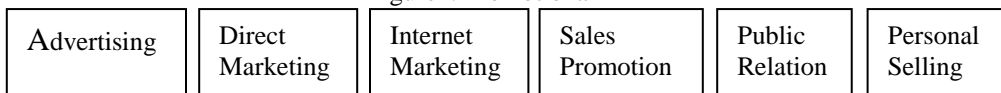
To better understand marketing and define it as it is, a well-known authors, Kotler and Keller (2012)¹⁴⁹, defines marketing as follows:

”Marketing is a social and managerial process whereby individuals and groups obtain what they need and what they want through creating and exchanging products and value with others “

Marketing mix is defined as the set of instruments and controlled tactical marketing strategies combined by an enterprise in order to meet the needs and satisfaction of its customers. Marketing mix consists of elements which the company can apply so as to influence the increasing demand for its products. Multiple options can be grouped in four variables or instruments known as the "4 Ps": Product, Price, Place, and Promotion.

Promotion is defined as the coordination of all the efforts of vendors to create channels of information and persuasion in selling their goods and services, or to promote the idea. Therefore, promotion mix is a basic tools used for communication, with the aim of promoting the goods as well as the services offered by the organization¹⁵⁰. This is presented in the figure below:

Figure1. Promotional mix



Source: George E. Belch and Michael A. Belch, *Advertising and Promotion* (The McGraw-Hill Companies, 2003), page 16.

Methodology

The object of the research was to identify and assess the role and impact of promotional activities on purchase decision making as the case of two major bottled water producing companies, represented in the paper by their brand names BONITA and RUGOVE. Firstly, a questionnaire based on survey was prepared, and the results were analyzed in this research. Some of the most important questions are also part of this paper. Main methods which were used in this paper are the descriptive method, the method of comparing companies, analyses method, and the synthesis method.

For the purpose of this paper, we conducted a research through questionnaires. Survey questionnaire was used as the main research instrument and questionnaires were distributed directly and by email to customers of bottled water. 200 questionnaires were distributed for this purpose and feedback on 150 questionnaires was gotten. Out of 15 questions prepared for questionnaire, a total of 8 questions were part of this study. The target groups selected for interview were of different ages and of different

¹⁴⁹ Kotler. Ph & Keller K. *Marketing Management*, 14th E., Prentice Hall, New Jersey, USA,2012, page.5

¹⁵⁰ George E. Belch dhe Micheal A. Belch, *Advertising and Promotion* The McGraw-Hill Companies, 2003, page 16.

professions. Therefore, research was conducted in the main cities of Kosovo and was done in the period between April and June 2013.

Delimitations: In this study, interviewers younger than 18 years were not included.

Findings

In the first question, do you consume bottled water?, 130 respondents stated that they consume (purchase) drinking water or in proportion 87%, 8 people or 5% of them stated that they did not buy water but use city piped water (two students and six unemployed), while 12 people or 8% of them stated that they sometimes buy drinking water. Persons, who declared they do not buy drinking water, are not subject to the rest of the survey questionnaire; therefore, the rest of respondents include 142 respondents.

1. Do you consume bottled water?

- a) *Yes*
- b) *No,(from the city pipes)*
- c) *Sometimes*

	Nr.	%
a) YES	130	87
b) No,(from the city pipes)	8	5
c) Sometimes	12	8
Total	150	100

Table1. Consume or no bottled water?

A response received from the second question represents an indicator differences in the numbers of customers for specific brands part of this study. While for bottled water BONITA, 28 people stated that they are consumers of this brand, for bottled water RUGOVE, 55 persons declared that they do consume water of this brand which is almost double of the customers when compared with BONITA. Thus, the rest of the respondents stated that they are customers of other brands, such as brands: Miros, Dea, Akulli, RADENSKA, Alpeve, etc.

2. Which brand of water do you buy?

- a) *BONITA*
- b) *RUGOVE*
- c) *Other*

	Nr. of customers	%
a) BONITA	28	20
b) RUGOVE	55	39
c) Other	59	41
Total	142	100

Table 2. Brand of water customers buy

As shown by the response gotten from consumers of both brands; for BONITA, the main reason to buy is packaging (12 consumers), for price 8, quality 2 and for other reasons, 6 consumers (e.g. for having it close to customers). Another case is water brand RUGOVE where over 50% of consumers stated that they purchase RUGOVE water due to its good quality, since the geographical position of the source of water is being perceived as a key element of water quality. Thus, the rest of the consumers (10 of them) buy RUGOVE water because of price, or because of other reasons such is appropriate location to buy.

3. What are the reasons pushing you to purchase products of these brands?

- a) *Price*
- b) *Quality*
- c) *Packaging*
- d) *Other*

	BONITA	RUGOVE	OTHER
a) Price	8	10	12
b) Quality	2	30	40
c) Packaging	12	5	5
d) Other	6	10	2
Total	28	55	59

Table 3. Reasons for purchase?

The responses from the question submitted have been interesting and have a connection with previous questions because for water BONITA, majority stated that promotion was the reason that convinced them to buy the product, while for water RUGOVE, 22 of them, stated they buy it because of the satisfaction after using the product. For water BONITA, a second reason was satisfaction after the first use while for water RUGOVE, the promotion is in second place with 18 positive responses and very close to it is “the word of mouth”, in 15 responses.

4. What did convince you to consume the products of these brands?

- a) *Promotion*
- b) *Word of mouth*
- c) *Satisfaction after the first use of the product*

	BONITA	RUGOVE
a) Promotion	14	18
b) Word of mouth	3	15
c) Satisfaction after first use	7	22
d) Other	4	0
Total	28	55

Table 4. Reasons for conviction

When asked from which media they heard about these brands, majority of respondents answered that it was from TV commercials for both brands BONITA and RUGOVE. Billboards and newspapers were the second media of promotion for BONITA, while Radio is the second media for RUGOVE, while newspapers and billboards are behind them. Other, in both cases is promotion through social media.

5. From which media have you heard about these brands?

- a) *Newspapers*
- b) *Radio*
- c) *TV*
- d) *Billboards*
- e) *Other*

	BONITA	RUGOVE
a) Newspapers	5	5
b) Radio	3	15
c) TV	12	26
d) Billboards	5	5
e) Other	3	4
Total	28	55

Table 5. Media from which customers heard

In the next question, in trying to get answers about media and their role on purchase decision, the majority for both brands declared with Yes. Hence, in BONITA case 20 out of 28 consumers while at RUGOVE 34 out of 55 consumers. Second answer, sometimes, was gotten from 6 consumers at BONITA and 16 of them from RUGOVE, while the respond of making them curious to try the product for BONITA, we had 2 responds and for RUGOVE 5 responds.

6. Does the advertisement of the water producers impact your decision while buying their products?

- a) *Yes*
- b) *Sometimes*
- c) *Makes me curious to try the product*

	BONITA	RUGOVE
a) Yes	20	34
b) Sometimes	6	16
c) Makes me curious to try it	2	5
Total	28	55

Table6. Impact of advertisement on purchase decision

Answers from the next question shows that consumers are in some level affected by the communication through the sales person while buying bottled water. For the majority of consumers, in both cases communication with the sales person is very important since they got 21 positive responds for BONITA and 42 positive responds for RUGOVE. Only few of the respondents replied with “not so much” and “never”.

7. Does the communication of the sales person impact your decision on buying the water?

- a) *Yes, always*
- b) *Not so much*
- c) *Never*

	BONITA	RUGOVE
a) Yes, always	21	42
b) Not so much	5	8
c) Never	2	5
Total	28	55

Table 7. Communication of sales person

Answers from the last question taken from consumers shows that most of them (50 of them) prefer and value the promotion campaigns of brand RUGOVE more, 20 of them prefer BONITA brand promotional campaigns and 10 of the declared “other”, which in this case are for the brand ALPEVE because of the celebrity they use on their TV advertisements.

8. Promotion of which brand do you value more?

- a) *BONITA*
- b) *RUGOVE*
- c) *Other*

	No. of Interviewers
a) BONITA	22
b) RUGOVE	50
c) Other	10
Total	82

Table 8. Value of brand as result of promotion

Conclusion

During the research, the survey done confirms that the mutual interconnection between the customer and the company is a necessity of creating consumer confidence and stable business and that only through a proper functioning of the report in between these two factors, bottled water producers will be able to create competitive advantage in the market, and position themselves better in the minds of their consumer. Therefore, both producers are well positioned in the market. BONITA is paying more

attention to the promotional activities while RUGOVE is using the advantage of geographical position where the source of water is located and is also using promotion to advance sales through the combination of the quality of source of water and word of mouth.

Thus, the main conclusions derived from this study are:

- More than 60% of RUGOVE water consumers declared they are buying water because of quality of water while a smaller percentage of them buy because of price and other reasons. On the other hand, BONITA is preferred brand by consumers because of the different sizes and useful packaging.
- RUGOVE water consumers are very loyal to their brand since majority of them declared they purchase water because of satisfaction after first use or the word of mouth, while BONITA consumers are more are convinced by promotion than by other reasons.
- TV advertisements are the main tool by which consumers have heard about both brands. RUGOVE has combined their TV advertisement with audio advertisement through radio. Therefore, their brand is getting more awareness better and faster in the consumer's mind through this media than BONITA.
- The impact of media on decision making process of purchase is very high. Both brands consumer are addicted to advertisements and this is one of the main reasons why consumers decide to purchase both brands.
- Communication of sales person/retailer is also a means of selling bottled water because in both cases, consumers have declared that sales person and his/her behavior impact purchase decision.
- Consumers of both brands value promotion of each brand in a high percentage, but in both cases, we do not have the 100% support of them for satisfaction with promotion of brands. Thus, in both cases, we have 5 and/or 6 persons of each brand that value more brands of other water producers. Unsatisfied consumers of both brands value other brands because of celebrities and others used on their promotion.

Recomendations

Recommendations for both producers could be summarized as follows:

- BONITA should pay more attention to promote quality of water instead of promoting useful packaging

- BONITA should prepare advertisements that could be used and understood by potential consumers, similarly through TV and radio, since consumers are very much addicted to advertisement.
- Both producers should continuously pay more attention on capacity building of their sales strength because large percentage of consumers is affected by the communication with sales person.
- Both brands, if could financially afford it, are recommended to use celebrities on their adds because consumers of their products do value sometimes, more adds of competition than their brands.

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