

The 20th International Conference
Globalization and Its Socio-Economic
Consequences

Study of customer loyalty in small and medium-sized enterprises in the field of trade in Bulgaria

Vyara Kyurova

Blagovesta Koyundzhiyska-Davidkova

South-West University "Neofit Rilski", Blagoevgrad, Bulgaria

Introduction

- ▶ Customer loyalty plays an important role in the long-term success of small and medium-sized enterprises in a globalized and fierce competitive environment.
- ▶ Customer loyalty is important for maintaining the won market share, and in some cases for the long-term survival of the enterprise.
- ▶ At the same time, loyalty is an important marketing tool that SMEs use to influence the customer. In addition, loyalty is a key goal that companies set for strategic marketing planning. The adoption and application of the loyalty approach in the activity of enterprises in turn helps to increase the propensity of customers to consume the products offered.

Introduction

- ▶ The research interest shows the ever-growing interest in customer loyalty as a phenomenon of great importance for the development of entrepreneurial business. In this respect, it should be noted that customer loyalty, in our opinion, is a customer concept based on a synthesis of customers' perception of the product offered by the company; their purchase behavior; their positive attitude towards the brand and the company and their desire to purchase again.

Introduction

- ▶ A good knowledge of the factors influencing it is important for creating customer loyalty. At the same time, the analysis and evaluation of these factors contributes to achieving greater customer confidence, increasing competitiveness and providing significant competitive advantages to the company.
- ▶ Among the most important factors contributing to increasing customer loyalty are brand image, brand trust, brand affect, customer satisfaction, service quality, customer value, trust, commitment, corporate image, switching costs and communication.

Introduction

- ▶ In our opinion, each of the above factors influencing customer loyalty plays an important role in its development. It is obvious that the knowledge, analysis and evaluation of the factors influencing customer loyalty is highly important for the implementation of the business activity, related to the retention of the loyal customers and the attraction of new ones. Along these line, the establishment of the strength of the impact of these factors, the relationship between them, the conditions formed by their manifestation and the different ways of combining them helps to determine the behavior of the businesses in relation to loyal customers.

Research methodology

- ▶ The aim of the report is to clarify the peculiarities of customer loyalty and based on an analysis of the factors influencing it brings out the main problems of small and medium-sized enterprises in the field of trade in Bulgaria.
- ▶ The assessment of customer loyalty in small and medium-sized enterprises in the field of trade in Bulgaria is based on the results of a survey conducted among 64 business representatives through the method of respondents. The main reason for choosing this method is its adequacy in terms of the specifics of the subjects and the data to be obtained. The survey was conducted in the period March-May 2020.
- ▶ Statistical methods have been used to analyze and evaluate the results obtained from the study, such as observation method, grouping method, analysis method, graphical and tabular method.

Assessment of customer loyalty in small and medium-sized enterprises in the field of trade

- ▶ In connection with a more comprehensive and accurate discussion of the problem, we believe that it is necessary to outline the profile of entrepreneurial business according to the form of registration.

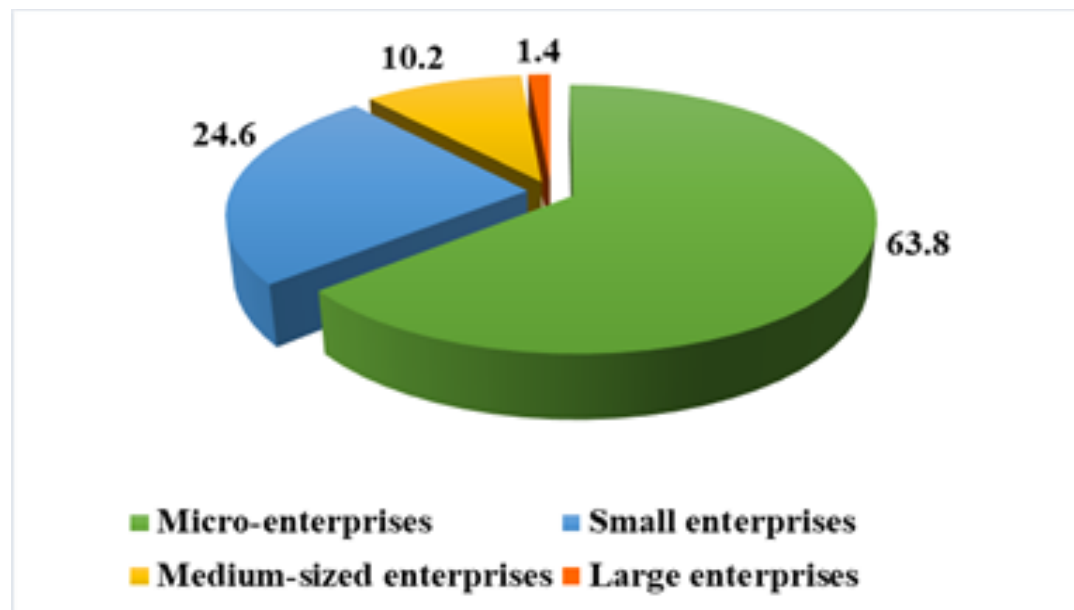
Distribution of enterprises according to the form of registration



Assessment of customer loyalty in small and medium-sized enterprises in the field of trade

- ▶ The structure of the researched businesses can also be considered in terms of their size.

Distribution of enterprises by size



Assessment of customer loyalty in small and medium-sized enterprises in the field of trade

- ▶ Of particular importance for the effective management of entrepreneurial business is the study of the factors influencing customer loyalty. In this context, the results of the survey show that more than a third of the respondents are fully convinced that the study of these factors is a prerequisite for the optimal implementation of tasks related to business management. It has been found that the share of business representatives who believe that this type of research is a prerequisite for success predominates over the rest (66.7%).

Assessment of customer loyalty in small and medium-sized enterprises in the field of trade

- ▶ It is especially important for the entrepreneurial business to identify the factors that shape customer loyalty.

Factors for shaping customer loyalty

Factors	Share, %
Communication/dialogue with the client	100.0
Excellent product quality that does not change over time	100.0
The price corresponds to the quality of the product	100.0
Quality of service	100.0
Customer satisfaction	100.0
Offered range of products/services	66.7
Commitment to the client	51.3
Desire to buy the product again	42.7
Acceptable payment terms	28.6
Trust in the company	21.8
Well-packaged product	15.2

Assessment of customer loyalty in small and medium-sized enterprises in the field of trade

- ▶ Of interest are the factors related to the quality of service, identified as the most important by the entrepreneurial business.

Factors related to the quality of service

Factors	Share, %
Competence of the staff	100.0
Willingness to quickly fulfill customer requests	100.0
Quality products	100.0
Confidentiality to the customer	92.3
Convenient location of the commercial site	89.7
Professional appearance of the staff	80.8
Reasonable price	66.7
Sufficient range of products	33.3

Assessment of customer loyalty in small and medium-sized enterprises in the field of trade

Factors related to the trust in the enterprise

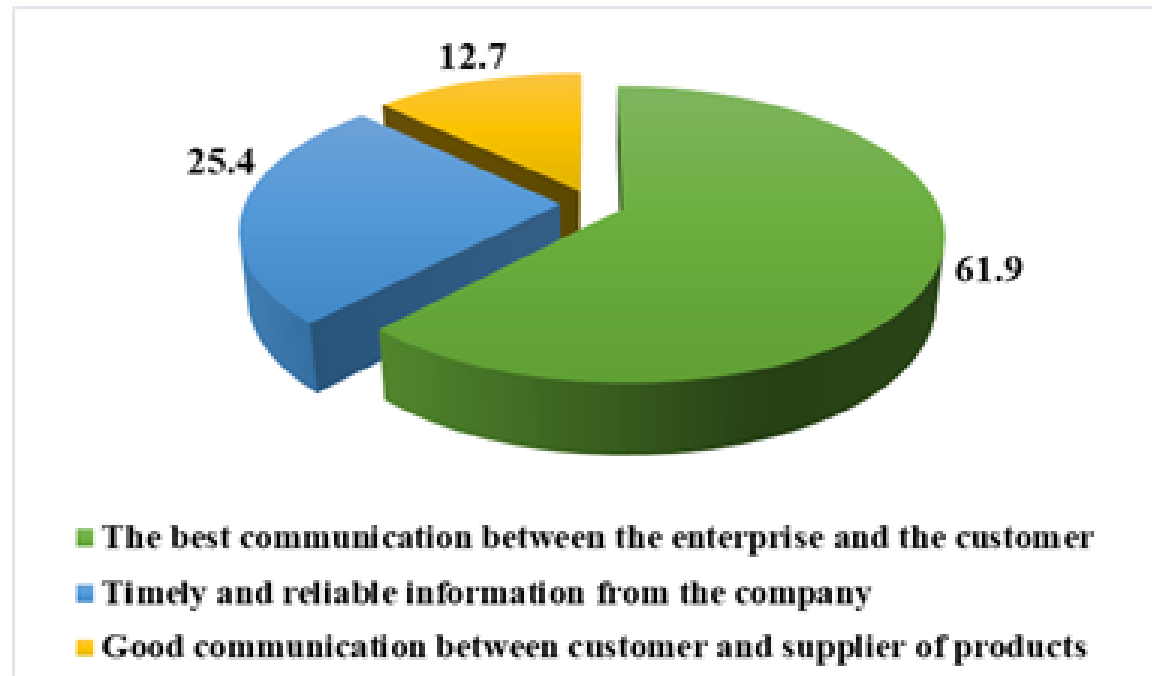
Factors	Share, %
Honesty to the customer	100.0
Well-trained staff	93.7
The enterprise provides the best alternative to the product sought by the customer	78.9
Giving appropriate advice in critical moments	33.3

Assessment of customer loyalty in small and medium-sized enterprises in the field of trade

- ▶ In connection with the commitment of the representatives of the entrepreneurial business to their customers, it is established that the most important factor is the repeated purchases and recommendations from the customer (98.6%), followed by the strong sense of belonging of the customer (72.5%).

Assessment of customer loyalty in small and medium-sized enterprises in the field of trade

Factors related to enterprise-customer communication



Assessment of customer loyalty in small and medium-sized enterprises in the field of trade

Factors related to increasing customer loyalty

Factors	Share, %
Quality of service	100.0
Brand trust	69.2
Customer satisfaction	58.4
Brand image	41.6

Assessment of customer loyalty in small and medium-sized enterprises in the field of trade

- ▶ The development of a customer loyalty programs will contribute to successful and effective communication between the company and customers. It will be of great benefit to have such programs created and practically applicable by the representatives of the entrepreneurial business. Unfortunately, it was found out that a very small part of the respondents had developed a customer loyalty program (18.5%). On the positive side, they all intend to create such programs.

Conclusion

- ▶ The results obtained from the current research reveal that some of the respondents do not pay enough attention to the analysis of the factors influencing customer loyalty, as they do not sufficiently yet understand the importance for the effective management of their business.
- ▶ In connection with the successful implementation of the activities related to customer engagement, it is recommended that the representatives of small and medium trade enterprises to provide greater benefits than their competitors and make the products offered very valuable to their customers.
- ▶ Despite the intensified processes of globalization and digitalization, “face-to-face” communication is a key factor in the implementation of effective “enterprise-customer” communication, that is why it is imperative for enterprises to take into account its impact.

Conclusion

- ▶ Customer loyalty is one of the main tools for influencing current customers of the products/services offered by the enterprise. Understanding customers behavior influencing factors and their varying degrees is important for making the right management decisions regarding loyal customers.
- ▶ In conclusion, it is necessary for the representatives of small and medium enterprises in the field of trade to focus their efforts on the complex combination and analysis of the influence of factors related to customer loyalty which will ensure proper management decisions regarding communication and communication with loyal customers.

Thank you for your attention!