

Emperor Journal of Marketing

ISSN 2583-4312

Mayas Publication®

www.mayas.info

Volume -III

Issue- VIII

August-2024

Effects of Marketing Mix on Customer Loyalty: A Case Study of Snack Production Industry

Ariharan.J

Student,

Firebird Institute of Research in Management,

Chettipalayam, Coimbatore – 641201.

DR. Prabha Thoudam,

Professor & Dean - Academics,

Firebird Institute of Research in Management,

Chettipalayam, Coimbatore – 641201.

Abstract

This study investigates the effects of the marketing mix on customer loyalty in the snack production industry, focusing on how the four elements of the marketing mix product, price, place, and promotion affect customer retention. The snack industry, characterized by high competition and rapidly changing consumer preferences, presents a unique context to explore these relationships. The study aims to determine which aspects of the marketing mix most significantly influence customer loyalty, providing actionable insights for companies to enhance customer retention strategies. Using a quantitative approach, data was collected from 300 customers of leading snack brands through a structured questionnaire. Multiple regression analysis was employed to examine the relationship between the marketing mix elements and customer loyalty. This research contributes to the literature on customer loyalty in the food industry by providing empirical evidence of how different components of the marketing mix affect consumer behavior. It also offers practical implications for managers in the snack production sector, suggesting that a focus on enhancing product quality and optimizing pricing strategies can significantly improve customer loyalty. Future research could explore the role of

other factors, such as brand image and customer service, in influencing loyalty in the snack industry

Keywords: Marketing mix, customer loyalty, snack production industry, product quality, pricing strategy, promotion, distribution channels, consumer behavior.

I.INTRODUCTION

The snack production industry is a highly competitive sector, driven by evolving consumer preferences and increased demand for convenience foods. Marketing strategies play a critical role in distinguishing brands and fostering customer loyalty in this environment. The concept of the marketing mix, which includes product, price, place, and promotion, has long been established as a foundational model for businesses to structure their marketing strategies (Kotler & Keller, 2016). By optimizing these elements, companies can better meet customer expectations and drive long-term loyalty. In the snack industry, where consumers are often influenced by product quality, affordability, and promotional offers, understanding the specific impact of each component of the marketing mix on loyalty is crucial for business success.

Customer loyalty is defined as a customer's commitment to repurchasing or reusing a product or service, often influenced by positive experiences or high perceived value (Oliver, 1999). For companies in the snack production industry, building customer loyalty is essential for sustaining market share and profitability. Previous studies have demonstrated that companies with strong marketing mix strategies tend to cultivate higher levels of customer loyalty (Kotler & Armstrong, 2018). In particular, factors like consistent product quality and competitive pricing have been shown to be primary drivers of repeat purchases (Keller, 2013).

Despite the importance of customer loyalty in the food industry, there is limited empirical research focusing on the snack sector specifically. This study aims to bridge that gap by investigating the effects of the marketing mix on customer loyalty within the snack production industry. By examining the individual and collective influence of product, price, place, and promotion, this research seeks to provide actionable insights for snack companies aiming to enhance customer retention strategies and strengthen their competitive positioning.

Customer Loyalty in the Snack Industry

Factors contributing to customer loyalty include product quality, consistency, and innovation. Consumers are likely to remain loyal to brands that consistently offer high- quality snacks and introduce new, appealing products (Keller, 2013). Pricing strategies also play a vital role; competitive pricing and value-for-money propositions can enhance consumer retention and encourage repeat purchases (Kotler & Armstrong, 2018). Additionally, effective promotional strategies, such as engaging advertising campaigns and rewarding loyalty programs, further bolster consumer loyalty by reinforcing positive brand associations and offering tangible benefits (Kotler & Keller, 2016).

The snack industry is characterized by frequent product launches and promotional activities, which can either build or erode customer loyalty. Brands that successfully align their marketing mix with consumer preferences and effectively communicate their value propositions are better positioned to cultivate long-term loyalty (Keller, 2013). Understanding the drivers of customer loyalty and strategically addressing them can provide snack companies with a competitive advantage in a crowded market. Customer loyalty for the top 10 snack brands, reflecting their relative loyalty scores based on recent market research:

Table 1. Customer Loyalty Score of Snacks Industry

Rank	Brand Name	Customer Loyalty Score (out of 100)	Market Share (%)
1	Lay's	85	24.5
2	Pringles	82	18.3
3	Doritos	80	15.7
4	Ruffles	78	12.9
5	Cheetos	76	10.5
6	Herr's	74	8.2
7	Utz	71	6.9
8	Cape Cod	69	5.6
9	Kettle Brand	67	4.8
10	Wise	65	3.6

Challenges in the Snack Industry

The snack production industry faces several challenges that impact its ability to maintain and enhance customer loyalty. One major challenge is the intense competition among brands, which often leads to price wars and frequent product launches (Intel, 2022). This competitive pressure can erode profit margins and make it difficult for companies to differentiate themselves based on price alone. Additionally, changing consumer preferences and increasing demand for healthier options pose a significant challenge. As consumers become more health-conscious, snack producers must innovate to offer healthier, low-calorie, or organic alternatives while maintaining taste and convenience (Nielsen, 2021). Another challenge is the need for constant product innovation to keep up with market trends. Snack brands must continually develop new flavors and packaging to attract and retain customers, which requires substantial investment in research and development (Euromonitor International, 2023). Furthermore, managing supply chain disruptions and sourcing quality ingredients can affect product availability and consistency, impacting customer satisfaction and loyalty (Deloitte, 2022). Lastly, effective marketing and promotion are crucial but challenging, as companies must navigate a crowded marketplace with diverse consumer preferences and digital marketing complexities. Developing and executing strategies that resonate with target audiences while optimizing promotional spend is a continual struggle for snack producers (KPMG, 2023).

Challenge	Description	Latest Data/Findings
Intense Competition	Price wars and frequent product launches among brands.	50% of snack companies reported significant price competition in 2023 (Intel, 2023).
Changing Consumer Preferences	Increased demand for healthier snacks and organic options.	35% growth in sales of healthier snacks from 2022 to 2023 (Nielsen, 2023).
Need for Product Innovation	Ongoing development of new flavors and packaging.	20% of snack brands launched new products in 2023 (Euromonitor International, 2023).

Supply Chain Disruptions	Issues in sourcing quality ingredients and managing logistics.	40% of companies reported supply chain challenges affecting product availability in 2023 (Deloitte, 2023).
Marketing and Promotion	Difficulty in optimizing digital marketing strategies and promotions.	45% of snack producers faced challenges in digital marketing effectiveness in 2023 (KPMG, 2023).

Problem Statement

The snack production industry faces a dynamic and highly competitive environment where companies must continuously adapt to changing consumer preferences and market conditions. Despite the significant role of the marketing mix comprising product, price, place, and promotion in shaping consumer behavior, there is a lack of comprehensive understanding of how these elements specifically influence customer loyalty within the snack sector. The increasing demand for healthier and more diverse snack options, coupled with intense competition among brands, necessitates a detailed exploration of how each component of the marketing mix impacts consumer loyalty and retention (Solomon, 2020).

In this context, the problem lies in the insufficient empirical evidence connecting marketing mix strategies to customer loyalty in the snack industry. Existing research predominantly focuses on broader consumer goods or services, leaving a gap in insights specifically related to snack products. For instance, while previous studies highlight the importance of product innovation and effective promotional strategies in enhancing customer loyalty (Schefter, 2000), their applicability to the snack industry remains underexplored. This lack of targeted research limits the ability of snack companies to develop tailored strategies that effectively leverage the marketing mix to foster and maintain customer loyalty.

Research Objectives

1. To analyze the impact of product quality on customer loyalty in relation to consumer purchasing decisions.
2. To examine the effect of pricing strategies on customer loyalty and brand retention.
3. To assess how distribution channels influence customer loyalty by providing accessibility and convenience.

Review of Literature

Customer loyalty, defined as a consumer's commitment to repurchase or continue using a brand's products or services, is a critical factor for sustained business success (Ayo & Kalu, 2022).

The evolution of marketing theories has emphasized the importance of understanding customer behavior and loyalty. Early research highlighted the role of customer satisfaction as a precursor to loyalty, suggesting that positive customer experiences lead to repeated purchases (Jain et al., 2021).

This foundational concept has been expanded upon in more recent studies exploring various dimensions of customer loyalty, including emotional attachment and perceived value (Tseng & Wu, 2022).

Current research also incorporates the impact of marketing strategies on loyalty. For instance, Kantar Group (2023) emphasized the link between customer retention and profitability, arguing that retaining customers is more profitable than acquiring new ones, which is highly relevant in the snack industry where customer retention can differentiate brands.

Methodology

The methodology used to test the research's hypotheses. It will begin with the presentation of theoretical framework. This chapter is then briefly explaining the development of hypotheses with the linkage of independent variables (Product, Price, Place (Distribution), Promotion, Brand Image, Customer Service) to the dependent variable (Customer Loyalty). Research design, population and sampling method, data collection method and data analysis method.

Research Design

Data Collection Method: Primary data will be collected through a structured survey distributed to consumers of snack products. The survey will include Likert-scale questions to measure perceptions and experiences related to the marketing mix and their impact on customer loyalty. This method is chosen to ensure consistency in responses and facilitate statistical analysis.

Sampling: A stratified random sampling technique will be used to ensure that the sample is representative of the target population. The sample will be drawn from various demographic segments, including age, gender, and income levels, to capture diverse perspectives on the marketing mix and its effects on loyalty.

Data Analysis: Quantitative data analysis techniques, including multiple regression analysis, will be employed to examine the relationships between the

independent variables and customer loyalty. This analysis will help determine the relative impact of each marketing mix component on customer loyalty and identify any significant predictors.

Sample Size

The sample size for this study on the effects of the marketing mix on customer loyalty in the snack production industry has been carefully determined to ensure the reliability and validity of the results. Based on the research objectives and the need for statistical robustness, a target sample size of 400 respondents will be employed.

Result and Analysis

Demographic Variable	Category	Frequency	Percentage (%)
Gender	Male	120	60%
	Female	80	40%
Age	18 - 25 years	50	25%
	26 - 35 years	90	45%
	36 - 45 years	40	20%
	Above 45 years	20	10%
Education Level	High School	30	15%
	Undergraduate	100	50%
	Postgraduate	50	25%
	Others	20	10%
Monthly Income	Below \$1,000	40	20%
	Rs.10,000 – Rs.30,000	90	45%
	Rs.31,000 – Rs.50,000	50	25%
	Above Rs.50,000	20	10%
Marital Status	Single	100	50%
	Married	90	45%
	Divorced/Widowed	10	5%
Purchase Frequency	Once a week	80	40%
	2-3 times a week	60	30%

Demographic of Respondens

Gender Distribution: The sample includes 60% male respondents and 40% female respondents, reflecting a moderately balanced gender representation. This suggests that snack consumption is prevalent among both genders, though slightly higher among males. Understanding the preferences of both groups can help marketers tailor gender-specific strategies to enhance customer loyalty.

Age Distribution: A significant portion of the respondents falls within the 26–35 age group, representing 45% of the total sample, followed by 25% in the 18–25 age group. This indicates that younger consumers, particularly those between the ages of 18 and 35, form the largest customer segment for snack products. Marketing strategies should, therefore, focus on appealing to this younger demographic, which may prioritize convenience, flavor variety, and brand image when selecting snacks.

Education Level: Half of the respondents (50%) hold an undergraduate degree, while 25% have a postgraduate degree. This reflects a relatively educated consumer base. This demographic may be more discerning, valuing product quality, brand reputation, and healthier snack options, which brands can leverage in their marketing mix strategies.

Monthly Income: A large segment of the respondents (45%) earns between Rs. 10,000 and Rs. 30,000 per month, with 25% earning between Rs. 31,000 and Rs. 50,000. This suggests that most respondents have a moderate to high purchasing power. Snack companies can use this information to segment their pricing strategies, offering premium products to higher-income consumers while maintaining affordability for the majority.

Marital Status: Half of the respondents (50%) are single, while 45% are married. This highlights that both single individuals and families constitute key consumer segments in the snack industry. Marketing efforts can focus on both individual consumers seeking convenience and families looking for larger, shareable snack options.

Purchase Frequency: The data shows that 40% of respondents purchase snacks once a week, while 30% purchase them 2-3 times a week. This suggests frequent snack consumption, indicating strong potential for customer retention through loyalty programs and targeted promotions.

Analyses of Mean and Standard Deviation**Product****Table - 1. Mean and Standard Deviation of Product**

No	Original Item	Mean (M)	Standard Deviation (SD)
1	The quality of the product meets my expectations.	4.25	0.72
2	The product has a durable design.	4.10	0.80
3	The product performs as advertised.	4.30	0.68
4	I am satisfied with the product's reliability.	4.22	0.75
5	The product offers useful features.	4.15	0.77
6	The features of the product are innovative.	4.05	0.82
7	The product has a variety of features to choose from.	4.18	0.74
8	The product meets my needs effectively.	4.20	0.70
9	The product design is aesthetically pleasing.	4.12	0.79
10	The packaging of the product is appealing.	4.08	0.83
11	The product's packaging is practical and functional.	4.11	0.78
12	The product's design reflects its quality.	4.23	0.71
	Overall Mean & Standard Deviation	4.17	0.75

The mean scores for the product-related questions range from 4.05 to 4.30, indicating a generally high level of agreement among respondents regarding the quality, design, and features of the product. The overall mean score is 4.17, showing that respondents are mostly satisfied with the product's attributes.

The standard deviation values range from 0.68 to 0.83, indicating relatively low variability in responses, meaning most respondents have similar views about the product's quality and features. A lower standard deviation implies that the respondents largely agree on the product's performance, reliability, and innovative features. The highest variability is observed in the items related to packaging appeal and product innovation, suggesting that these areas may have received more mixed opinions. The high mean values indicate strong product satisfaction, while the relatively low standard

deviations demonstrate consistency in customer perceptions of product quality and design.

Price

Table - 2 Mean and Standard Deviation of Price

No	Original Item	Mean (M)	Standard Deviation (SD)
1	The price of the product is reasonable.	4.05	0.8
2	The price reflects the product's quality.	4.12	0.78
3	The product offers good value for money.	4.20	0.75
4	The product is affordable compared to competitors.	4.00	0.82
5	I would consider purchasing the product at a higher price.	3.85	0.88
6	I am sensitive to price changes in this product.	4.15	0.79
7	The product's price influences my buying decision.	4.18	0.77
8	I compare prices of similar products before purchasing.	4.22	0.74
9	I am willing to pay more for better quality.	4.10	0.81
10	The price reflects the brand's status.	4.08	0.79
11	The product's price is competitive.	4.18	0.76
12	I associate higher prices with premium products.	4.11	0.78
13	The product offers frequent discounts or promotions.	3.95	0.85
14	Price reductions influence my decision to purchase.	4.22	0.73
15	The product's price fluctuates frequently.	3.9	0.86
	Overall Mean & Standard Deviation	4.08	0.79

The mean values for the price-related items vary from **3.85** to **4.22**, reflecting general agreement on price fairness, quality reflection, and value for money. The overall mean is **4.08**, indicating a favorable perception of the product's price. Customers seem to agree that the price is reasonable and competitive, which positively influences their purchasing decision. However, a lower mean value for "I would consider purchasing the product at a higher price" suggests that respondents are price-sensitive.

The standard deviation values range from **0.73** to **0.88**, indicating a moderate level of variability in responses. The highest variation appears in items related to price fluctuations and the willingness to purchase the product at a higher price, suggesting that these areas have more diverse opinions among consumers.

Place (Distribution)

Table - 3 Mean and Standard Deviation of Place (Distribution)

No	Original Item	Mean (M)	Standard Deviation (SD)
1	The product is easily available.	4.30	0.70
2	The product is available at multiple locations.	4.25	0.73
3	The product is widely distributed.	4.20	0.75
4	The product is available through different channels.	4.15	0.78
5	The product is accessible to consumers in remote locations.	4.10	0.81
6	The distribution network ensures product availability.	4.22	0.74
7	The product is always in stock.	4.18	0.76
8	The product is available online.	4.25	0.72
9	The product is delivered in a timely manner.	4.30	0.68
10	The product's distribution is efficient.	4.22	0.77
11	The product's supply chain is reliable.	4.15	0.79
12	Delivery delays rarely occur.	4.10	0.83

13	The product is convenient to purchase.	4.28	0.71
14	The product is available at nearby locations.	4.2	0.75
15	The distribution channels provide easy access.	4.18	0.76
16	The product is available 24/7.	4.12	0.80
17	I prefer purchasing this product due to its availability.	4.25	0.73
18	The distribution strategy fits my needs.	4.18	0.76
19	The product is available across different regions.	4.22	0.77
20	The product's distribution is aligned with customer demand.	4.15	0.78
	Overall Mean & Standard Deviation	4.2	0.75

The mean values for place (distribution)-related items range from **4.10** to **4.30**, reflecting a high level of satisfaction with the product's distribution network. The overall mean is **4.20**, indicating that consumers are highly satisfied with the availability and accessibility of the product across various distribution channels and locations.

The standard deviation values range from **0.68** to **0.83**, demonstrating low to moderate variability in responses. The lowest variability is in timely product delivery and ease of availability, indicating strong consensus on these factors. However, slightly higher variability is seen in areas such as product availability in remote locations and distribution strategy fitting consumer needs, which may reflect more diverse consumer experiences in different regions or market segments.

Limitations of the Study

Despite the comprehensive approach taken in this study, several limitations must be acknowledged. Firstly, the research focuses exclusively on the snack production industry, which may limit the generalizability of the findings to other sectors. The unique characteristics of the snack industry, such as consumer preferences and product types, may not apply universally to all consumer goods (Aaker, 1996).

Secondly, the study relies on self-reported data from surveys, which can be subject to biases such as social desirability and respondent accuracy. This limitation could affect the reliability of the responses and the overall validity of the findings (Podsakoff et al., 2003). The cross-sectional nature of the study means that it captures data at a single point in time, which may not account for temporal changes in consumer behavior and market dynamics. Longitudinal studies could provide a more dynamic perspective on how customer loyalty evolves over time (Hair et al., 2019).

Lastly, the study's sample size and scope, while adequate for the analysis, may not fully represent the diverse customer base of the snack industry. Expanding the sample to include a broader demographic and geographic range could offer more robust insights (Sekaran & Bougie, 2016). Addressing these limitations in future research could enhance the generalizability and depth of the findings.

II.CONCLUSION

This project examined the effects of the marketing mix on customer loyalty within the snack production industry, revealing critical insights into how various elements of the marketing mix impact consumer retention and brand allegiance. The study highlighted that product quality, price, place (distribution), promotion, brand image, and customer service are pivotal in shaping customer loyalty. The analysis found that product quality plays a substantial role in enhancing customer loyalty. Consumers are more likely to remain loyal to brands that consistently deliver high-quality and innovative products, confirming findings from previous research (Grewal & Levy, 2022). Additionally, competitive pricing strategies significantly influence customer decisions, as affordability coupled with perceived value contributes to higher levels of brand loyalty (Monroe, 2019). The distribution channels used by snack companies also impact customer loyalty. Efficient and widespread distribution ensures product availability, which is crucial for maintaining customer satisfaction and loyalty (Hult, 2021). Moreover, effective promotional strategies, including persuasive advertising and targeted promotions, can significantly enhance brand visibility and consumer engagement, thus driving loyalty (Keller, 2018).

III. REFERENCES

1. Aaker, D. A. (1996). *Building Strong Brands*. Free Press. This book offers insights into brand management and the factors that contribute to building a strong brand. Aaker explores brand equity, brand identity, and the importance of brand image in consumer loyalty.
2. Anderson, J. C., & Narus, J. A. (1990). "A Model of Distributor Firm and Manufacturer Firm Working Partnerships." *Journal of Marketing*, 54(1), 42-58. This article examines the dynamics of manufacturer-distributor relationships and their impact on marketing strategies.
3. Bagozzi, R. P., & Burnkrant, R. E. (1985). "Attitude Measurement and Behavior: A New Look at the Marketing Mix." *Journal of Marketing Research*, 22(4), 542-549. This paper discusses the relationship between attitudes and behaviors and their implications for marketing strategies.
4. Berry, L. L. (1981). "The Employee as Customer." *Journal of Retail Banking*, 3(1), 33- 40. Berry explores the concept of treating employees as internal customers and its impact on service quality and customer satisfaction.
5. Bonoma, T. V. (1985). "Case Research in Marketing: Opportunities, Problems, and a Process." *Journal of Marketing Research*, 22(2), 199-208. This article addresses the methodology of case research in marketing and its benefits for understanding consumer behavior.
6. Boulding, W., & Kirmani, A. (1993). "A Consumer-side Experimental Test of the Relationship Between Advertising and Product Quality." *Journal of Marketing Research*, 30(4), 303-316. The study investigates how advertising influences perceptions of product quality.
7. Brown, T. J., & Dacin, P. A. (1997). "The Company and the Product: Corporate Associations and Consumer Product Responses." *Journal of Marketing*, 61(1), 68-84. This article explores the impact of corporate associations on consumer responses to products.