

MARKETING STRATEGY - TOOL TO INCREASE CUSTOMER SATISFACTION CASE STUDY OF ROMANIAN COMPANY IN FURNITURE PRODUCTS

Nicoleta Isac,
Waqar Badshah*

Abstract

Customer satisfaction is a marketing term that measures how products or services supplied by a company meet or surpass a customer's expectation. Customer satisfaction is important because it provides marketers and business owners a metric that they can use to manage and improve their businesses. This paper aims to analyze the main aspects related to customer satisfaction regarding the furniture provided by a Romanian company and includes details regarding the importance of consumer satisfaction and factors that shapes customer preferences. For better results were applied a survey regarding the consumer satisfaction on their products.

Keywords: *Customer satisfaction, consumer behavior, furniture market, market research*

JEL Classification: L89, M31

INTRODUCTION

In an evolving green economy, the European woodworking industry plays a key role as the backbone of the bio-economy sector. Furniture production is the most complex activity in the wood industry, being recognized as the most valuable form of wood exploitation in terms of value added to a cube of cubic meters of raw wood. Included in the national competitiveness strategy, the furniture industry is among the ten areas that Romania will focus on by 2020, in order to improve its competitiveness. In 2013, according to data provided by the Italian Center for Industrial Studies (CSIL), Romania ranks 13th in the world for export of furniture, 28th in production and 48th in the consumption of furniture. The country's ranking on a lower spot at consumption was determined by the low purchasing power of the population. According to it, the value of furniture imports was 351.2 million euros, while the value of exports amounted to 1.421 billion euros. In terms of preferences, furniture from solid wood predominates, with matt surfaces or wooden combinations with metal or MDF, handmade products that give the object an extra individuality. Another aspect of furniture buyers is sustainability, which shows that they are no longer so interested in changing furniture from one fashion to another, but investing in durable, quality products.

* Nicoleta Isac is at the Istanbul Sabahattin Zaim University, Turkey. E-mail: nicoleta_isac2004@yahoo.com

Waqar Badshah is at the Istanbul Sabahattin Zaim University, Turkey. E-mail: waqar.badshah@gmail.com

The year 2016 brought an upward trend in the living furniture market especially during the first half of the year due to the development of small and medium businesses and with them increased the investments in office buildings and it is necessary to invest automatically in furniture, so as to create the necessary comfort for the employees to carry out their work. In addition, the need for change is always the one that feeds this industry. It can be said that lately the top five producers in the furniture market in Romania have made huge strides in terms of turnover growth, amounting to several billions of euros.

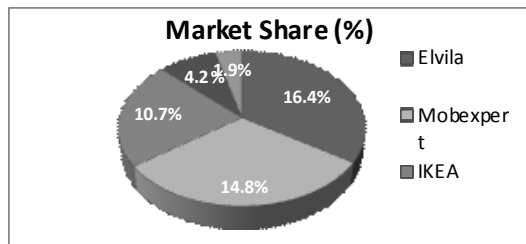


Figure1. Market shares of Romanian furniture market
(Source: economica.net)

In the chart above we can see a comparison of market shares for the top 5 retailers in Romanian market, Elvila being the market leader with a market share of 16.4%. Mobexpert is near us, and we need to consolidate Elvila's brand by create new models of furniture in near future, with attractive design and also with accessible prices. Right now, Elvila addresses to a well-defined market segment, but could attract other categories of customers such as young people, with practical furniture models that can be multifunctional. Innovation is a method by which Elvila can increase its market share. If Elvila brings a new technology to the market, our products will be very well seen on the market and even our competitors may have to buy it technology from us, even if we're competitors.

Many of consumers will become loyal customers, which adds to the company's market share and decreases market share for the company from which they switched. But to achieve this, Elvila need heavily investments in research, and try to find skilled peoples, which is a really challenge in Romanian market.

LITERATURE REVIEW

Customer experience management represents the discipline, methodology and/or process used to comprehensively manage a customer's cross-channel exposure, interaction and transaction with a company, product, brand or service (Schmitt B., 2003). Customer satisfaction has been a subject of great interest to organizations and researchers alike. The principal objective of organizations is to maximize profits and to minimize cost. Profit maximization can be achieved through increase in sales with lesser costs. One of the factors that can help to increase sales is customer satisfaction, because satisfaction leads to customer loyalty recommendation and repeat purchase (Wilson A., Zeithaml V., Bitner M., Gremler D., 2012). The focus on complete customer satisfaction permeates the organization (Center for the Study of Social Policy' 2007). Successful customer service

companies listen to, understand, and respond often in unique and creative ways to the evolving needs and constantly shifting expectations of their customers. These companies establish a clear vision of what superior service is, communicate that vision to employees at every level, and ensure that service quality is personally and positively important to everyone in the organization. They establish concrete standards of service quality and regularly measure themselves against those standards (Zemke R. and Schaaf D., 1989).

The importance customer satisfaction (Farris P., Bendle N., Pfeifer P., Reibstein B., 2010):

- It's a leading indicator of consumer repurchase intentions and loyalty. Consumer satisfaction is the best indicator of how likely a customer will make a purchase in the future.
- It's a point of differentiation. Creating a unique customer experience is one of the best ways to achieve sustainable growth, particularly in industries that are stagnating (Jan-Piet N., Volker L., Ettore P., Reuben C., 2012).
- Increase customer credibility. The price is not the main reason for the customer to change his mind; it is actually due to the overall poor quality of customer service (Accenture 2010 Global Consumer Research Executive Summary, 2011).
- It increases customer lifetime value. Satisfaction plays a significant role in how much revenue a customer generates for businesses. Successful businesses understand the importance of customer lifetime value.
- It reducing the negatively impacts on the business. It's one thing to lose a customer because they were unhappy. It's another thing completely to lose 20 customers because of some bad word used (Beard R., 2014). To understand customers - what customers are doing and what they're saying - companies need to examine the customers' interactions with their products and services through a different lens and discover where these are falling short.
- It's cheaper to retain customers than acquire new ones. It costs six to seven times more to acquire new customers than it does to retain existing customers. High customer satisfaction translates to customer loyalty, and loyalty is one of the biggest drivers of corporate growth. Customer satisfaction has a positive effect on loyalty, but the magnitude of that effect varies greatly across companies and industries (Cullen R., 2001).

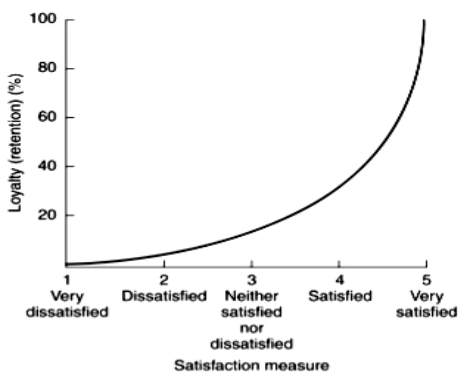


Fig.2. Relationship between customer satisfaction and loyalty in competitive industries

(Source: James L. Heskett., W. Earl Sasser Jr., and Leonard A. Schiesinger "The service profit chain" New York, NY: The Free Press, 1997, p.83)

Creating a unique customer experience is one of the best ways to achieve sustainable growth, particularly in industries that are stagnating (Jan-Piet N., Volker L., Ettore P., Reuben C., 2012). To be proactive, companies must gain insights into their customers that reach far beyond survey data (Pacelli M., 2011). Here, a comprehensive view of the customer experience from beginning to end with the opportunity to drill down to understand specific interactions becomes extremely valuable. By identifying repeated patterns, complaints and areas for improvement, companies can focus on and remove the greatest obstacles to the consumer, reduce repeat calls over the same issue, and avert future problems. Companies have the opportunity to understand customer behavior and improve satisfaction rates. Regarding consumer attitude and values, a great deal of advertising attempts to create favorable attitudes, reinforce current positive attitudes or change negative attitudes (McCharty B., 2016). An attitude is a mental position taken towards a topic, a person or an event that influences the holder's feelings, perceptions, learning process and subsequent behavior (Fishbein M., Ajzen I., 1991). Someone who enjoys an advertisement, and other elements of marketing communications, will be more likely to purchase the product. However, the theory of a planned behavior shows that there is generally gap between attitudes and behavior (Ajzen, 1991b). Factors that affect a person's values include the individual's personality, the family, work environment and culture. Broadly, the consumer behavior contains the entire behavior of the end user of material and immaterial goods (Riel W. K., 1990). By appealing basic values, marketers try to convince prospective consumers that the organization's products align with their values (Clow K., Baack D., 2010). The customer becomes the center of activities and processes of the supplying unit and the assessment of its product and organization satisfaction is the primary element that allows us to obtain feedback and improve the quality.

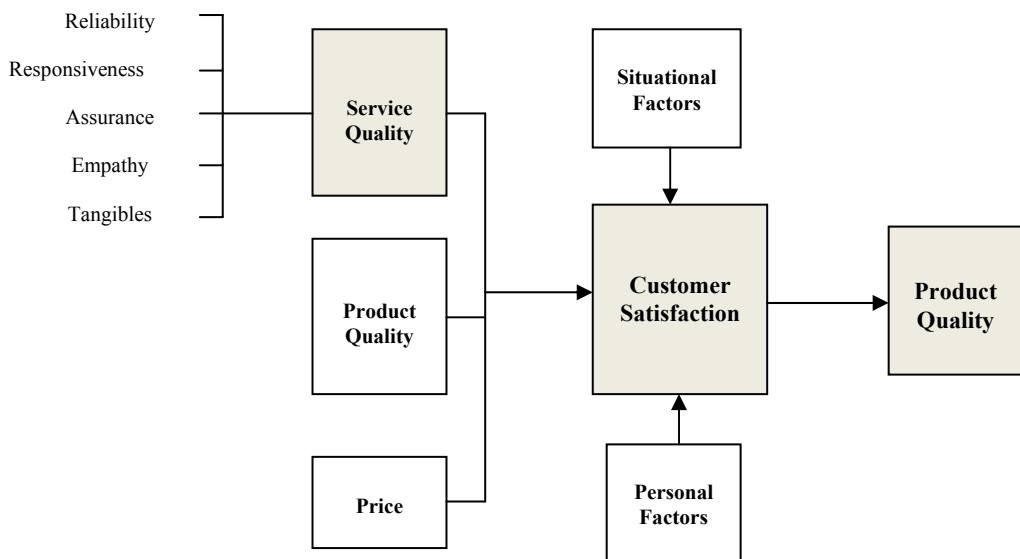


Figure 3. Customer perceptions of quality and customer satisfaction

(Source: Parasuraman A., L.L. Berry and V.A. Zeithaml "Understanding measuring and improving service quality: findings from a multiphase research program" The Free Press, 1990)

Consumer behavior determines exchanges between people, and therefore, in the case of the relationship between consumer demand and producer, mutual knowledge is essential both in the purchasing process and in the production of goods and services (Mihut I., Pop M., 1996). The major factors that influence the behavior can be grouped in the following (Arowosoge & Tee, 2010):

- Psychological - motivation, perception, learning, beliefs and attitudes;
- Personal - age and life cycle stage, occupation, economic circumstances, lifestyle, personality and self-concept;
- Social - reference group, family, roles and statuses;
- Cultural-culture subculture and social classes.

One of the important points in furniture selection is usually individual taste. Factors such as being functional, durable aesthetic, usable and economic reflect the product value of the furniture (Oztop H., Erkal S., 2008).

RESEARCH METHODOLOGY

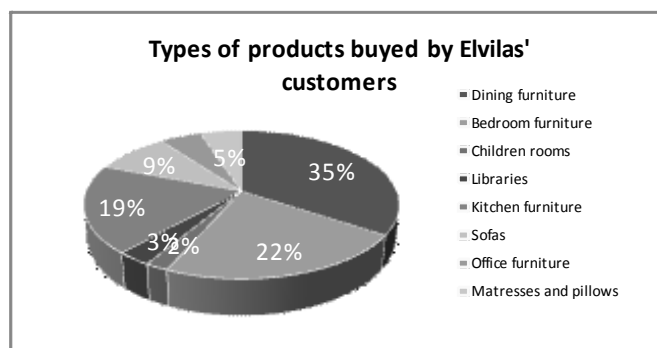
There are probably not better methods to get feedback from your customers than surveys. This may be the only way to get customer feedback, unless they contact you, which is hard to believe. Many customers, even they are satisfied, feel no need to contact the company. A survey has been conducted from October 20 to November 15, 2017, respondents being people who have purchased furniture from the Elvila stores. As method, we used questionnaire, mainly sent by e-mails, also by phone.

The total number of people surveyed was 151, all of them having purchased at least one product from our stores over the past two years. The response rate of the questionnaires sent by email was 85%, a fairly high percentage from our point of view, showing people's interest regarding Elvila.

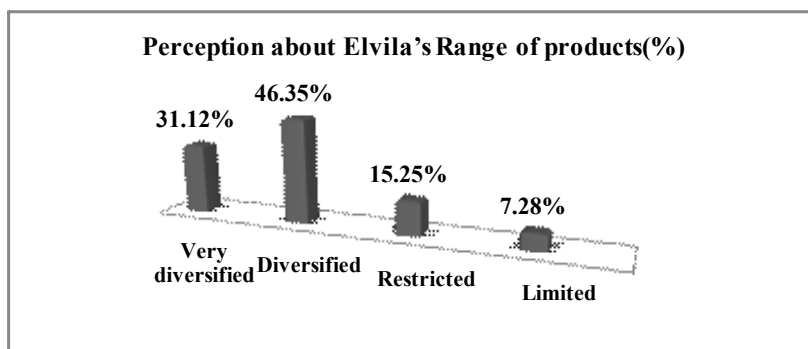
THE INTERPRETATION OF THE RESULTS

At the question “What type of furniture/ products you have in your household?”, 34% says “Dining furniture”, almost 22% Bedroom furniture, 19% kitchens and 9.9 % sofas.

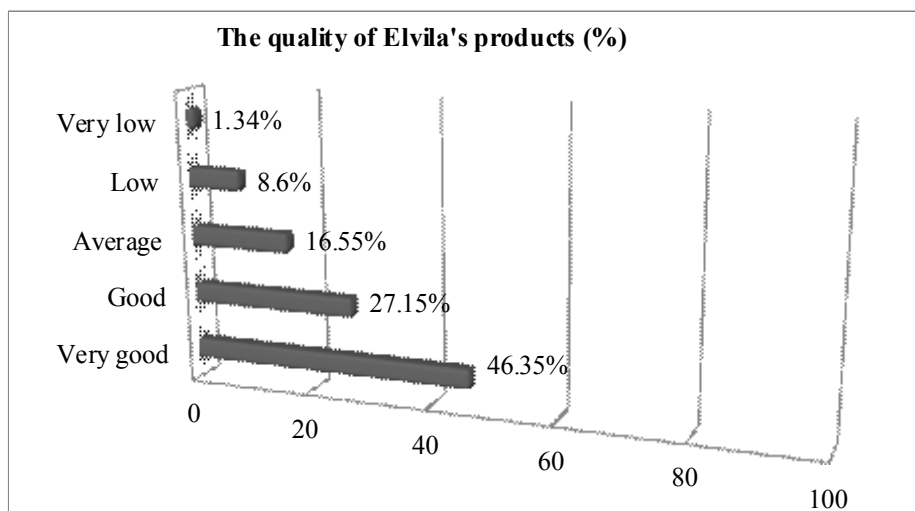
Dining furniture is one of the strength point of Elvila. Made by the best craftsmen in Romania with carefully selected materials, it comes to customers in many styles, from retro and modern to elegant or sophisticated.



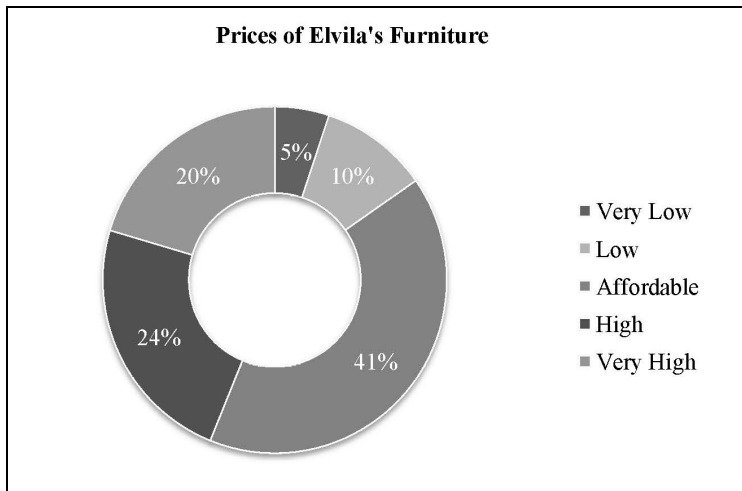
Romanians apartments and houses would be characterized by bright mild colors, simple lines furniture and natural materials used. There quite common furniture is simple geometric forms form the light natural colored woods. Concerning the furniture style there we can mostly find country styles or modern furniture. The most favored materials are wood, glass and sometime chromed metal.



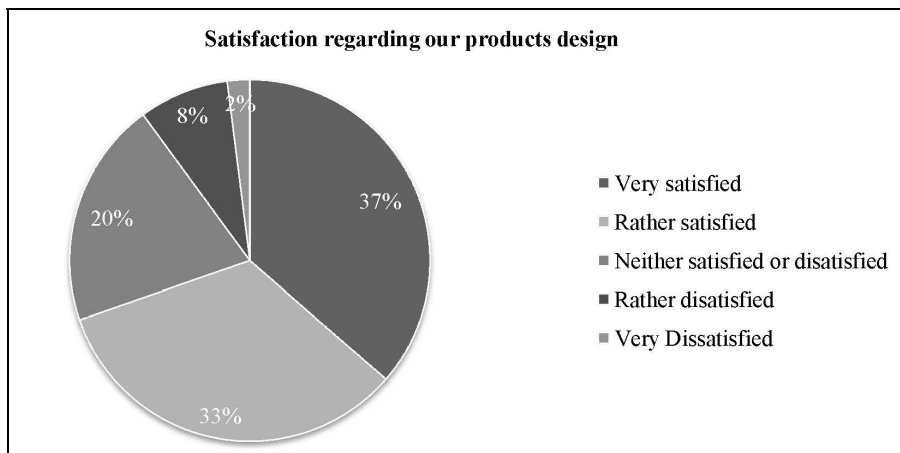
Almost 78% of our customers thinks we have a diversified and very diversified product range. People have different personality and preferences and this result means that Elvila has furniture for all tastes. Also, here we have an interesting result. Above, we saw that the most buyed product is living/ dining furniture. Here we have a percent of 22.53% of our customers who think that we have a limited or restricted range of products. Well, 79% from those 22.53% are customers who purchased in the last 2 years furniture for livings. So, their best-selling product doesn't have a diversified range from our customers point of views. Considering this, they decided to add products of Wenge Furniture. Wenge furniture has a special charm and blends classic with modern. It's easy to integrate its color into a home, it fits well in countless combinations.



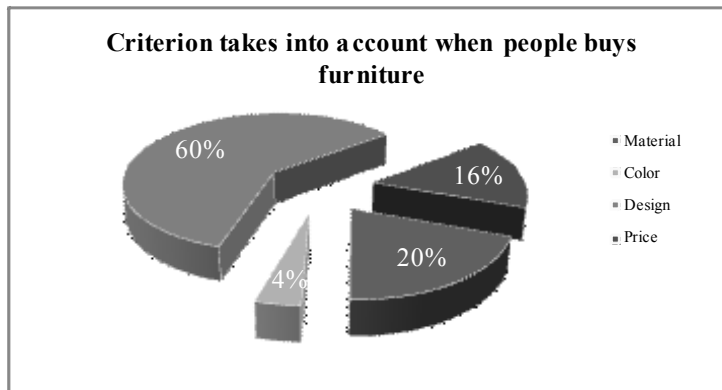
Almost 47% of our respondents considers that Elvila's products have a high standard of quality. The quality of its products remains the first preoccupation of the company. Even the cost of raw materials and utilities have raised in the last years, the measures pursuing by the company are reducing material losses, reducing scrap, reducing defects in after sales services, instead of buying raw materials at lower prices with an inferior quality, who can affect de quality and the value of the finished product. Only with quality products the company became a major player in Romania furniture, creating a very positive image in the market through its quality products.



Quality never comes cheap which is why it is unrealistic to expect a high-quality furniture. Almost half of our respondents, 41%, considers that our prices are affordable. 24% of them considers that we offer products with a high price, and 20% thinks that our furniture is very expensive. They are targeting a segment of the population with incomes above average.



Regarding the products design, 37% of their consumers are very satisfied, compared to 2% and 8% of those which are very dissatisfied and rather dissatisfied. 33% of them considers that they are rather satisfied and almost 20% says that they are neither satisfied or dissatisfied.



60% of our customers told us that the aesthetic aspect is very important when they're choosing furniture, for 20% of them is important from which materials furniture is made, 16% considers the price as being an important criterion taking into account when they decide to buy furniture, and for 4% the color of furniture represents an important aspect when they want to buy products from us.

Almost 60% of our respondents are males, and 40% of them are females. That's important because they have different thinking about furniture and shopping in general. 64% of their customers are between 36 – 55 years, 18% between 26 – 35 years, and 13% over 55 years. That shows us that Elvila customers are mature people who have the financial resources to buy our furniture. The segment that Elvila focuses on is exactly those between 36 and 55 years, financially independent people, with purchasing power of quality furniture. 81% of our clients are employed, which means, somehow, financial stability. They have a source of income that allow them to purchase furniture. 12 % of respondents have their own business, which most likely means they can afford luxury furniture. 5% are students, probably people between the ages of 18 and 25, a percentage not too high or too small.

Customer satisfaction matrix

Area with problems

Elvila need to diversifie its range of products in terms of living rooms/ dinner furniture. Considering this, they decided to add products the Wenge Furniture. Wenge furniture has a special charm and blends classic with modern. So, in few months, the clients will find a new range of furniture for living rooms.

The fidelity engine

Quality, diversity and tradition are three words that define the Elvila's brand. The company should continue to focus on made high quality products, with a modern design, and also continue to develop new range of products.

Low priorities

There is no need to work on lowering product prices. Elvila customers are aware that quality furniture will never be very cheap and are willing to pay important amounts for quality products

Differentiators

They have custom-made furniture and the clients can benefit from design consultancy from their consultants

CONCLUSIONS

With the economic recovery and the development of new technologies, the industry is experiencing a transformation in the sense that consumers want to adapt their homes to security requirements, they want to modernize their homes by incorporating the newest styles of interior design and want to make space more efficient.

- The demand for office developments within the houses will increase. Consumers are increasingly interested in creating a working space within the home. Demand also comes to a mid-growing number of entrepreneurs and free-sellers and their desire to maximize their productivity.
- Multifunctional furniture is gaining more and more ground. In a technological age, dominated in many areas of the world of minimalist style, consumers demand more small, portable, multifunctional furniture. Restricted by the budget most of the time, young people acquire small or medium sized apartments and want to make the space as efficient as possible. For this, they are looking for design projects that include versatile furniture in simple, easy-to-move lines.
- Increase demand for luxury furniture. There is a segment of consumers that was reactivated with economic growth. We are talking about the segment of luxury products. The world luxury furniture market is growing lately and will be on the upward trend in the coming years. Europe has the largest market for luxury furniture, and Romania is not left behind in this chapter.
- More and more furniture customers will choose "green" products. The provision of environmentally friendly furniture comes amid environmental concerns, particularly deforestation. Although eco-friendly furniture is cheaper, demand is on the rise, which also causes manufacturers to offer such products.
- Customers are increasingly interested in online stores. Elvila should start making considerable efforts to develop its actual online platform to a complex one, adding benefits to online buyers such as free shipping or installation.
- The design is very important for consumers so we suggest that in the future the Romanian furniture companies to focus more on traditional design. The unique style should differentiate the local brand from the foreigner one.

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