



Master Thesis in International Marketing

Advertising message and Customer Satisfaction

A case of Lidl Sweden



Tutor: Prof. Jan Lowstedt

Group#2057

IFTIKHAR AHMED (801217)

YUSI ZHAO (840911)

Dated: 11th June, 2008.

Abstract

Date: June 11th, 2008

Level: Master Thesis (International Marketing) ,15 hp, Spring'08

Authors: Iftikhar Ahmad (801217)

iad05003@student.mdh.se

Yusi Zhao (840911)

yyo07001@student.mdh.se

Tutor: Prof.Jan Lowstedt

Title: Advertising message and Customer Satisfaction *A case of Lidl Sweden*

Problem: “Are the customers satisfied when they compare marketing message with services provided by Lidl grocery store?”

Purpose: We aim to analyze the satisfaction level of customers at Lidl store and how effective messages delivered in the advertisement.

Method: We used a primary research through the interviews of the managers in Lidl, and a survey questionnaire by the customers. We also used the secondary data from the website of Lidl and some qualitative information from textbooks and different sources.

Conclusion: After the research, we conclude that the advertising messages of Lidl is clear and most of the customers feel satisfied with price and the quality of Lidl's products. However, about the non-food products, the customers do not feel so pleasant and they do not have much knowledge about after sale services.

Keywords Advertising, Communication Process, Gaps, Services, Promises, Messages, Expectation, Satisfaction, Quality

Acknowledgment:

We would like to thank and acknowledge the contribution of all those people who made this thesis possible and good learning adventure for us. Without their help and cooperation it would not been possible to complete this research.

First of all **Prof. Jan Löwstedt**, our supervisor, who guided us and provided his sincere favour whenever it required. His constructive ideas and positive critique during the meetings improve our work a lot. Under his efficient guidance we are successful to use our knowledge in the field of international marketing.

Tobias Eltebrandt, program head, his teaching skills and valuable knowledge in the field of marketing gave us an academic treasure which we utilize during our thesis and gained a lot of benefits. The projects which he included in all of our study courses really help us and make us able to conduct this research.

We would like to thank **Thomas Svedman**, district manager Lidl, Sweden and **Caroline Persson**, head of advertising Lidl, Sweden, both provide us all the needed information regarding company and its marketing plan. **Customers** of Lidl grocery store are also valuable in this thesis because without their cooperation it was not possible to finish this research.

My friend **Muhammad Usman Ghani**, he was really helpful and cooperative during the whole period when we were engaged in this research and he provided us with encouraging feedback.

Special thanks to **Opponents**, for their constructive opposition which help us to make our thesis up to the mark.

Iftikhar Ahmed

Yusi Zhao

June 11, 2008.

Eskilstuna, Sweden.

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CHAPTER 1: INTRODUCTION

The first chapter will describe a background of the selected area of research. It will present an overview of the focal company and its short history in Europe and in Sweden which is the country of our research. Furthermore, it will describe the problem statement of our research and the purpose which we are going to answer when it comes to conclusion. It also describes the delimitation of this research and the target group which will be address in whole research.

1.1Background:

As an important part of communication, different from public relations or traditional promotion, advertising opens a new unusual angle to catch the customers' psychology, hence it helps the company satisfy the customers constantly. Nowadays, media is the most popular way for any kind of introduction, and it is also the most effective method utilized in the advertising. In this age of media war, it is essential to have a strong campaign through advertisement for the promotion of each and every company. Advertising process is based on communication phenomenon. According to Jobber (2001, p.353) advertising is any paid form of non-personal communication of ideas or products in the prime media.

There are many different types of advertisement in the media way, such as brochures, catalogs, direct e-mail, newsletters, online advertising, point-of-purchase, print project, sales letters, television and radio, while we focus on the print advertisement of Lidl company in this research. For the print advertisement, the colors and theme of the pictures, the quality of the paper and printing, and the content of the information are all the most important components. Although it is to say that a picture says more than a thousand words, the operation of literature is still a key. Idea behind the print advertisement is to attract the customer and provide an easy message through images.

Good advertising is based on a strong communication phenomenon. Marketing communication is the process of creating a "commonness" of thought between the sender and receiver (czinkota and Ronkainen, 2004).

Then the question comes up whether advertising messages reach to the consumers and match to the service provided by the company or not. We will find a solution to measure the effectiveness of advertising message and satisfaction level of consumer in this thesis.

1.2 Company Overview:

History of Lidl starts from 1930's when Lidl and Schwarz wholesale were founded in Germany. Lidl was diversified into hypermarkets under the trading name "kaufland" and discount food store as "Lidl". Now, Schwarz group is one of the largest grocery retailers in Europe.

The first Lidl store was opened in 1973 and by the 1980, Lidl was a household name throughout Germany, during the 1990's Lidl started to open stores outside Germany and today Lidl stores can be found in almost every country of Europe. Now, Lidl is well established as a major European grocery retailer. (<http://www.lidl.co.uk/uk/home.nsf/pages/i.home>).

In Sweden, the first Lidl store was opened in August 2003 and now in 2008 it has more than 140 stores and two distribution warehouses in whole Sweden. In future, company has a good plan to increase the number of stores and to expand their products in each and every part of the country. (<http://www.lidl.se/se/home.nsf/pages/i.home>)

1.3 Company's advertising message and services:

Lidl takes pride in providing top quality products at the lowest possible prices. Lidl claims that their stores are unmatched in the discount sector. They also communicate the same message through advertising to attract the customers. So the advertising message of Lidl is that we are "low price and high quality" brand. They also claim to provide the same services as they mention in their marketing message. Company has a good strategy to keep the prices at lower level and to provide best quality to make their customers satisfy.

1.4 Problem statement:

“Are the customers satisfied when they compare marketing message with services provided by Lidl grocery store?”

Problem statement is related to advertising which is a key element of marketing to attract the customer. Second part of the statement is related to the service provided by the company which is important for long term relationship with the customer. Consumer behavior is a common factor of these two parts that how consumer interpret a message and how they feel after shopping from store. Main claim of the company is to provide best quality product at low and reasonable price. Of course it can attract more and more customers towards the store but the problem statement of this research is to measure the satisfaction level of consumer when they visit the store for shopping. Are they getting the same service as promised in advertisement or there are some problems at service level.

1.5 Purpose:

Purpose of this study is to analyze the satisfaction level of customers at Lidl store when they compare marketing message with real services provided by the company. We will add the point of view from the company that what they want to communicate in their marketing message and what they claim at service level and then we will compare it with the views from customers that what they interpret from the advertising message and how they feel at service level when they come to store for shopping. Their opinion will give us statistics on the basis of which we can come to a conclusion that what level of satisfaction customers feel. On the basis of the conclusion we will recommend some practical recommendations which can be used by the company to increase the customer satisfaction level.

1.6 Delimitation:

Every project should have some limitations. This research is related to the effectiveness of advertisements and satisfaction level of customers when they compare this message to the real services at store. Research has conducted about two stores in a city but results are general towards the whole market in Sweden. Even the culture and consumer behavior can be considered same through the whole country but there is a risk that might affect the results if we conduct the same research in other cities. Another limitation is that we did not compare the advertising

message and services of Lidl with other rival companies due to short time period of our course work. We tried our best to investigate in a proper way but there are always few points which are not reachable which comes under the limitation of project.

1.7 Target audience:

Main target of this research are the company managers which are responsible for advertisement in Sweden and also responsible to provide best quality at reasonable price to create a long term relationship between customers and the company.

This study will also be an interesting document for the students of marketing and other people related to this field. Over all it will be a study of Consumer behavior which can provide a base for further studies.

CHAPTER 2: LITERATURE REVIEW:

This chapter deals with the previous research on advertising related issues. To get knowledge about this research books, research articles, internet and other research studies has been consulted and find the following information in this area of research.

Warren (2001) in his work concludes that as one of the most effective tool for the business communication connecting the company to the customers, catching the psychology of the customers, and following the mind of the audiences to satisfy the customers in the process of introducing the company brand, image, new products, new life style and so on, advertising is absolutely an active element in the market nowadays, although there are some skeptics on the future of advertising.

At first, on the side of the company, advertising is the key to introduce their main products or new products, make sense of the industry, show their service items and structure of the management, define the concept of their brand, express the ideas of the enterprises, and even innovate a kind of modern culture or new life style. In another way, for the customers, advertising is the easiest way to get all the public information of a company, afterwards, the customers make a choice through the media.

He also pointed out that in another way, literature includes most of details information of the company and its products, which is a way to demonstrate clearly what you want to tell the customers and how could you make them produce the purchase desire. In different kinds of introduction, we need to use different ways to express, for instance, when you introduce a new produce like a electric machine, you do not need to tell how beautiful it is or how colorful it is, you do not need to tell how the designer get the inspiration to make and you do not even need to tell the concept of the product, the things you need to do is to tell the customers what are the functions, how to use the machine, why it is better than the other products in the same type, if it is easier to operate, and your promise for the quality of the product and the service, which are the customers interested.

Bergkvist (2000) in his research points out that the company needs to produce the products and service to satisfy the customers in the market in his work. That is why they have to make use advertising to let their consumers know what is the product, what the function is, and who the producer is. So the effectiveness of advertising is an important factor for the decisions by customers. One reason of the existence of advertising is to introduce the image and the culture of the company in the public to gain more attention from the customers for increasing the benefit.

There are some standards to measure the legal items of advertising to push it in the right way in the market.

In another way, most of customers' decisions are always from the social views. Some traditional mass media for advertising still exists as a main communication. Most of the consumers do not see the distinctions between advertising and promotions, public relations, and other forms of marketing communications. So the advertising education is necessary to be undertaken by the people in this industry to find the solution to what the customer needs is, what is customer view, and how to satisfy the customer in his way and so on.

As one kind of modern art, especially, the pop art around 60s in the USA used lots of pieces from advertisements, which proved that advertising is not only a kind culture in the modern society, but also one part of people's life. They do not just need to read the information on it, in another way; they are trying to find some funs on the paper or the video.

How to make advertising more attractive through the design and content is a big problem, which related with the quality of the paper or the effect of the video, the mixture of colors, the structure of the text, the pictures, the topics they use, the style of the language or content.

At the end, he emphasized that the quality is another key to open your customers' desire as well. The customers like the smooth surface of the papers much more than the hemp materials, and they like that the paper smells sweet or nothing rather than smell strange. Even the feeling of touching is important as well, if the customers feel the silky touch, they are glad to read the advertising more.

Jobber (2001) mentions in his article that in the print advertising, the colors and the literature are two most important ways to improve it. The colors are not just related with the pictures, but also the words, for instance, when you read a paper with bright yellow words on it, you will feel hurt in your eyes; while you read the dark blue or black words, your eyes will feel very comfortable without sleepy sense. Even for the words, in a print advertising, you cannot use one color like a report paper, so you have to consider use different colors to keep steps with the typeset.

Wells et al (2003) in his research says that colours can be used in print advertisement as an important visual element in addition to photos. Colour can be used to attract attention, to provide realism and to build brand identity. Furthermore, he argued that colours can determine brand identity and help to set a mood with the selection of colours. Warm colours such as red, yellow and orange are used to convey happiness. Cool colours like green and blue are calm reflective and intellectual. Red and yellow have the most attraction getting power. They can be used in print advertisement for special and attractive messages.

Cacioppo, Richard and Schumann (1983) concludes that Creativity in the advertising is also very important in their article, such as the use of high-tec. Nowadays, advertising is more related with new artistic, cultural and communicative as the creative forms. Internet and computer are still the useful ways for the visual communication in the advertisement. Creativities also need innovation and strategy in the visual solutions.

Accordingly, you can use many different methods in the advertising. For instance, as the materials of advertising, there are many ways, brochures, catalogs, direct e-mail, newsletters, online advertising, point-of-purchase, print project, sales letters, television and radio.

As an industry, in the future, advertising will be very close to many kinds of new media's, such as some special vision website, TV program and the screens on the wall of the buildings in shopping mall, train stations or airports. One-to-one interactivity seems like more attractive than mass communication to the customers.

In different countries or different cultural areas, they have to choose different content or style for advertising, which is the key to open a new market. Respect the local culture, try to merge your spiritual in it and find a solution to form a new cross-cultural to be accepted by the local customers. Meanwhile, the international advertising has to avoid some sensitive topics like politics and religions, because it faces to different places and people with different minds in this world.

Kitchen(1996) in his article suggests that the emergence of public relations as a dynamic tool within the promotional mix, indicating why this tool may have emerged in relation to the more well known promotion tools. Puts forward reasons for changes in promotional mixes and the emergence and usage of new tools. Reports on the perception of movements towards integration between marketing and corporate public relations.

However, related with another article by Charles, Ronald and William (1990), we can see that mostly people confused advertising and the public relationships in the way to promote their business, because they are all the effective ways for the promotion of products. However, there are many evident differences between advertising and public relation.

For instances as follows: you have to pay for the materials and the employees to produce the advertising, but you do not need to pay for press releases; You can use endless imagination and innovation to make the advertising more attractive to the customers like cartoon images insert in a realistic video, but you cannot choose the ways which public medias use for the press releases; The customers realized that you want to sell them your products through reading the advertising, but most of the readers of newspapers or TV program just focus on the information without the realization that they are potential buyers; You can control the information which you want to tell in the advertising, but you cannot control the sound from the press releases; You can publish the advertising at random in long-term depending on the budget of your company, but how many

times to talk about your products or company by press releases depending on the wills of the editors; You just pass your information to your target customers like that a supermarket company in the downtown sends the home-delivery advertising the people whose apartments in the center rather than send to some apartments in the suburb; Even the way of using the words are different as well.

In the previous articles or researches above, they all point out the fact that good communication is the way to enter the heart of the customer. There are so many ways in communication; apparently, publication relation is the most common way to touch the readers. However, for the service from a company, advertising is the most obvious window open to the outside to show who it is and deliver the real information or promises from it to the customers. Hence, in our research, we will focus on how to improve the advertisement method and make the customers more satisfied with the company, in this Lidl case.

In addition to these all studies we also find a research document of recent research which provides us a basic knowledge and a way towards our research. This research has been conducted by Robin Reznik under the supervision of Micael Dahlen. In that research author has tried to compare the message of brand communication, expectation of consumers and then the real brand delivery to the customer. The title of the paper is “Exaggerate or Understate”? Author describes that the positive and negative image of a company is based on two points: the brand real abilities and constitution and second is the brand capabilities to communicate those abilities (Reznik, 2008). This research has provided us a good knowledge about advertisement effectiveness and under and over promising in advertising campaign. Then we decide to implement this idea to check and measure that what customers think when they compare the advertising messages and promises with the real brand delivery and this is a real goal of our study.

CHAPTER 3: THEORETICAL FRAMWORK:

Chapter 3 will describe the theories which are used in this research project. Each theory has clearly explained under separate heading to form a theoretical framework which will be used to analysis the information collected in finding area. These theories have been selected from different books and articles. All the sources of chosen theories are clearly mentioned in the text and in the reference area.

3.1 The communication Process:

Advertising is basically a communication process to create a message and deliver it to the target customers, so it is important to have a solid communication message in advertising campaign. In a communication process there are seven elements involved for prorogation of the message and each of the seven elements can affect the accuracy of advertising process. This communication phenomenon can be described as follows: (Cateora and Ghauri, 2006, pp 406)

An information source: A marketing/advertising executive with a product message to communicate.

Encoding: The message from the source converted into effective symbolism for transmission to a receiver.

A message channel: The sales force and/or advertising media that conveys the encoded message to the intended receiver.

Decoding: The interpretation by the receiver of the symbolism transmitted from the information source.

Receiver: Consumer action by those who receive the message and are the target for the thought transmitted.

Feedback: Information about the effectiveness of the message, which flows from the receiver (the intended target) back to the information source for evaluation of the effectiveness of the process, and to complete the process, and

Noise: Uncontrollable and unpredictable influences such as competitive activities and confusion detracting from the process and affecting any or all of the other six steps

This process of communication is not as simple as just to send and receive a message through certain medium. There are many hurdles related to each stage which can affect or change the real message.

There is a chance that marketer's perception of market demand and real market needs don't always same. This is especially true when the marketer realize more on the self reference criterion (SRC) then on effective research. In some of communication processes if basic needs are defined in a wrong way then communications fail because a wrong or meaningless message is received through all other steps in communication model.

The encoding step can also create problems even if message is proper and based on reality at this stage colors values believes and taste can cause hurdles in flow of marketing message.

Message channel should be selected carefully when an encoded message is to reach the customer at this stage media availability, literacy and types of media create problems in the communication process in this step. Selection of ineffective media channel can disturb communication process.

Decoding errors may also occur accidently. Some time intended symbolism as no or different meaning to the decoder.

The feedback the stage of communication process is important to check the effectiveness of other step in the whole process. The companies who don't measure their communication efforts are adapt to allow errors of source, encoding, media selection, decoding or receiver to continue longer than necessary. A proper feedback helps a company to correct errors before substantial damage occurs. The effectiveness of communication process can be impaired by noise.

Noise includes all other external influences such as compacted advertising, other sale personnel and confusion at receiving end that can destroy the ultimate effectiveness of communication. Noise is disturbing force interfering with the communication process at any stage and it is beyond the control of the sender end the receiver. (Cateora and Ghauri, 2006, pp 407-408)

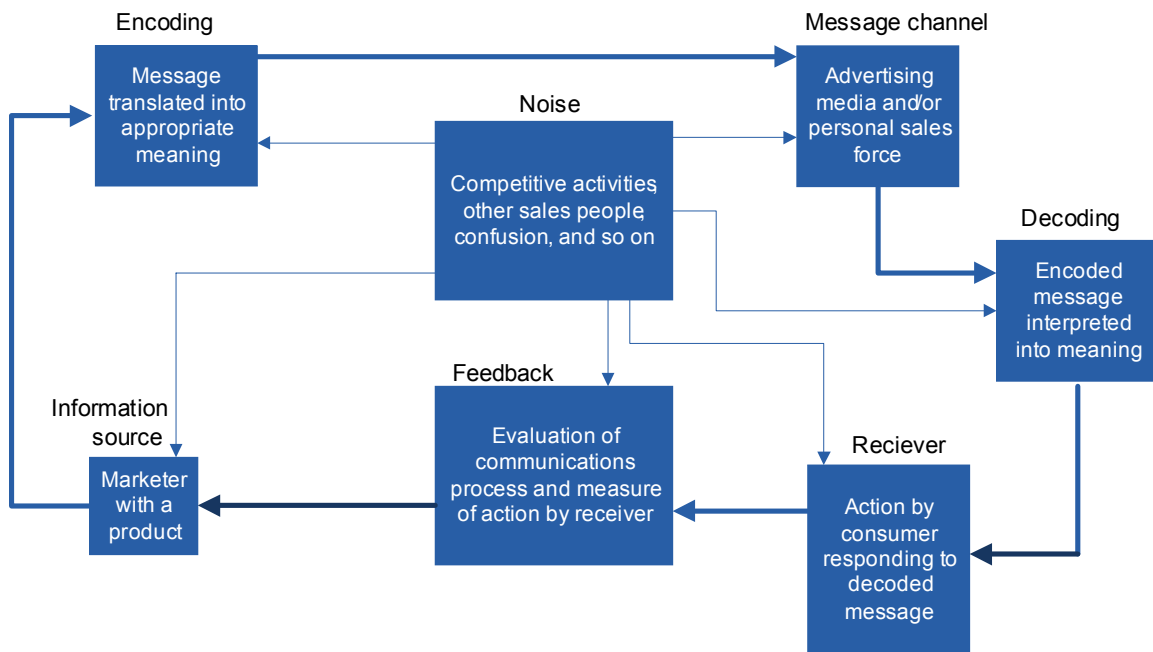


Figure 1: The Communication Process

Source: Adapted from Cateora and Ghauri, 2006, p.407.

3.2 Making, Enabling, and Keeping Promises

According to Berry, he recommended that the basis for preserving service associations is the completion of promises made to consumers. There are three important activities which are related to these service providers. Those are related to the relation, partnership and behavior of the service provider towards the customer. (Bitner, 1995)

3.2.1 Making Promises:

First of all relationship between service provider and customer begins with the promises from service provider with customers. It establishes more by making possible those promises and then

keeping them in good manner. One of the important activities is building sensible promises at first priority and maintaining those promises throughout service delivery. Those above said activities, three in number are basic necessities to build good service partnership and those are related to particularly services marketing behavior. (Bitner, 1995)

3.2.2 Enabling Promises:

Those three behavioral actions always have good influence to the partnership with customers/consumers. Not only the eye-catching, ideal promises should be there as the first step of the development of relationship, the fulfillment and materialization is also vital as the second but significant act. Without keeping those promises the effectiveness of external marketing cannot remain same forever as it works in start. As the good shaped ideal promises attract the customers but when the promises never touch the satisfaction level of the customer, it diminishes the effectiveness of marketing. So from toe to top marketing and making promises, actualization, then keeping of those related to each other as chain reaction. (Bitner, 1995)

3.2.3 Keeping Promises:

Once when promises are furnished in stylish way and presented to customers it strikes to the heart and minds of the people, the service providers get over helm response in the market after that the second phase starts and first go through it side by side as well. The second phase enters in the evaluation of the promises. If any service provider makes the customers happy, by keeping their promises it add the golden shine in the marketing activities by service provider and they even get more good response from customers. So it can capture big part of marketing making keeping and fulfilling the promises enhance the confidence among customers and it become the base of good service relationship between customers and service providers. (Bitner, 1995)

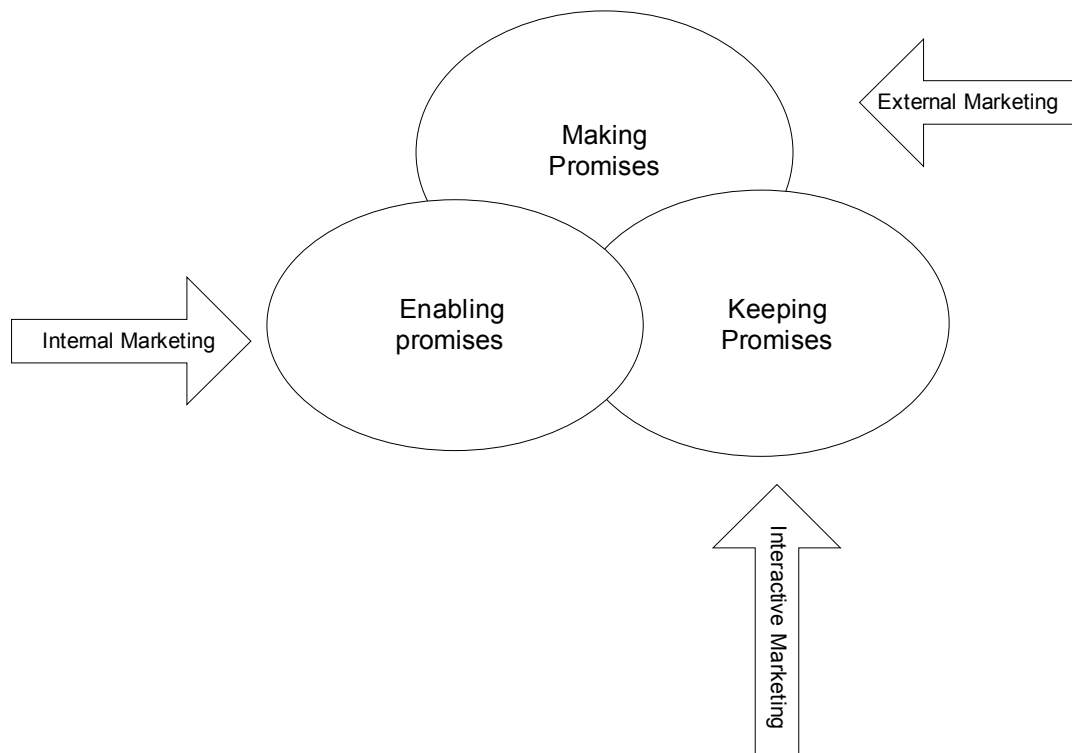


Figure 2: Service Promises:

Source: Mary Jo Bitner, Building Service Relationships: It's All About Promises, 1995, Vol 23, No 4, pages 246-251.

3.3 Definition of Quality:

Many people have different point of view about the term “Quality”. It is the most common way of defining “quality” is frequently the primary step in the majority “quality improvement” ways. The most common perceptive as well as idea of what is mean by “quality” will assist the party to center its “quality improvement” attempts. So, the thing worthwhile mentioning is that according to semantic point of observation is not significant but on the other hand more significantly, it is necessary to straight employee’s efforts in the direction of common problem. If you see, the most important thing which is discussable with respect to the service organizations is quality.

Might be according to different people there are many definitions of “quality”. But we can define the definition of “quality” into five different categories which are described as follows. (Ghobadian, 1994)

3.3.1 Transcendent:

According to this category the quality is defined as innate excellence. Either product or service doesn't have equal possessions. If you see, it portrays Plato's philosophical study of beauty is moveable to the matter of quality. But it is not possible to determinants the preceding discovery of quality. This definition is implied with respect to the relationship among individual salience as well as the perceived quality. The sign of the presences of this association has significant suggestions for "goods" as well as "service" quality. (Ghobadian, 1994)

3.3.2 Product Led:

According to the product led the quality is described as the units of goodness packed into a product or service. If you compared the high quality service with respect to lower quality service, it shows that the high quality product has more unit of goodness than a low quality product. Quality is a tangible way to measure it so it varies person to person and it can be different in different circumstances. A product should include more units of goodness to be identified as a high quality product. (Ghobadian, 1994)

3.3.3 Process or supply led:

It is defined as "conformance to requirements". It is proposed by two persons Crosby and Taguchi. So, the definitions of the quality put down stress on the significant of the management as well as control of supply-side quality. Its main center is internal instead of external. So, these types of definitions are valuable for associations which distinguish their troubles as lying surrounded by the transformation. (Ghobadian, 1994)

3.3.4 Customer led.

In this category customer desire and requirement is important. If you are fulfilling the requirement and perception of customers then you are providing a high quality services to them.

In this approach the center is external. So, “quality” is described as satisfying customer’s requirements or fitness for purpose. This approach based on the aptitude of the association to conclude consumer’s requirements as well as fulfilled those requirements too. (Ghobadian, 1994)

3.3.5 Value Led.

It is also a very important category with respect to the definition of quality. It is described as the cost to the producer and price to customer or as meeting the customer’s requirements in terms of quality, price and availability. The focus of this approach is also external like customer led. It is basically a trade-off among “price”, “availability” as well as “quality”. The main objective of the purchaser is to calculate the quality, price as well as availability surrounded by the decision algorithm. As a result, the definition of quality is best example in the terms of a value-led approach. (Ghobadian, 1994)

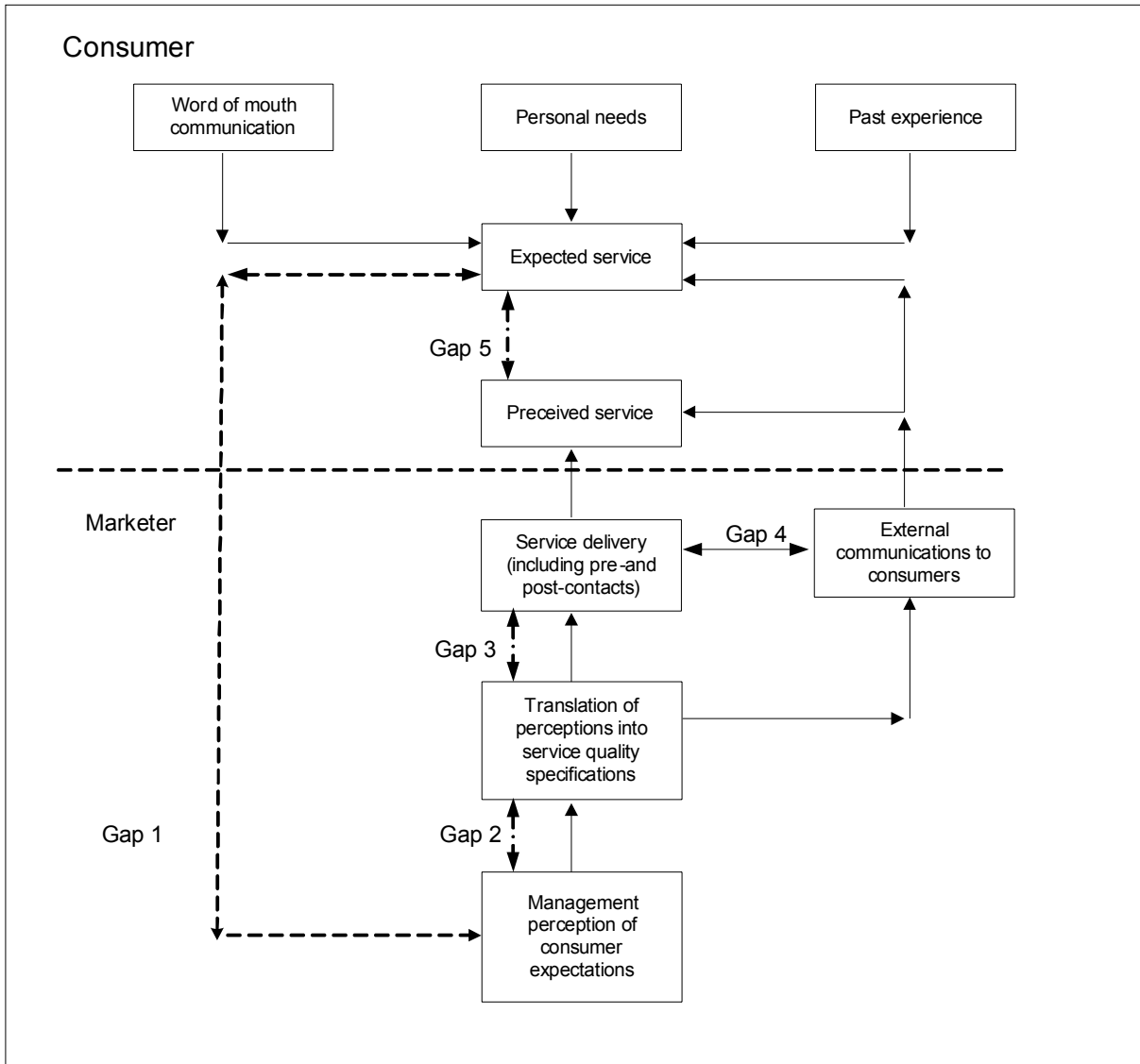


Figure 3: Gaps Model of Service Quality.

Source: A.Parasuraman, Valarie A. Zeithaml and Leonard L. Berry, A Conceptual Model of Service Quality and its Implications for Future Research, 1985, Vol 49, pp 408.

3.4 Gaps Model:

Following four gaps are selected from the given model.

3.4.1 Consumer expectation- Management perception gap (Gap 1)

Management may have inaccurate perceptions of what consumers (actually) expect. The reason for this gap is lack of proper market or customer focus. The presence of marketing department doesn't automatically guarantee market focus. It requires the appropriate management process, market analysis tools and attitude. (Berry, Parasuraman and Zeithaml, 1985)

3.4.2 Service Quality Specification Gap (Gap 2)

There may be a problem on the part of management to translate customer expectation into service quality specifications. This gap relates to aspects of service design for example an airline may find that its customers require a better meals service on its short haul routes. This requirement needs to be translated into food and beverage menus for different times of the day. (Berry, Parasuraman and Zeithaml, 1985)

3.4.3 External Communication Gap (Gap 4)

Consumer expectations are fashioned by the external communications of a specific organization. A realistic expectation will normally promote a more positive perception of service quality. A service organization must insured that its marketing and promotion material correctly describes the service offered and the way it is delivered. This is by in service organizations it is counterproductive to separate the operations and the marketing functions. (Berry, Parasuraman and Zeithaml, 1985)

3.4.4 Expected Service- Perceived Service Gap (Gap 5)

Perceived quality of service depends on the size and direction of gap 5, which in turn depends on the nature of the gaps associated with marketing, design and delivery of services.

These selected gaps from the gap model help to analysis and asses the service quality level and to check company perception and customer satisfaction through services. (Berry, Parasuraman and Zeithaml, 1985)

These all selected theories provide a proper framework to conduct our research according to the purpose of this paper. Communication model is related to the advertising phenomena by which we can analysis the marketing message of the company. Every company makes some promises when they advertise their marketing message by which they can attract their customers to buy more and more products from this store. To describe and analysis the promises which Lidl make with their customers we select “service promises” model. Another theory provides a clear definition and explanation of quality which is helpful to consider the product and service quality of the company because they claim about high quality. At the end we have a gap model which is useful to analyze the information collected from the customer’s perception and then compare with the company services. In short, all these theories have a good relation between them and also have a proper connection with the purpose of this research.

CHAPTER 4: METHODOLOGY:

In this part authors try to express the whole process of their research from selection of topic to the completion of research. It describes that how data will be collected and analyze on the basis of chosen theories and finally how it comes to conclusion and recommendations.

4.1 Topic selection:

There is a six stage process when we choose a topic for our research project. These six stages are as follows (Fisher, 2007, pp 33-37).

1. At the first stage we identify that we have to work on a project related to marketing studies and due to our interest in communication and advertisement we start to think about a topic which is based on advertising message and customer feelings about services.
2. Then we choose an area of advertising message and promises by the company. Our focal company Lidl is a multinational company in whole Europe. We select this company that one of the members of this group is working with Lidl and has a good opportunity to collect primary and secondary data from different ways within the company.
3. As a result of brain storming we formulate our research question that was related to the satisfaction measurement of customers when they visit the store. Our research question is that are the customers satisfied with promises make by the company and the real services perceived by consumers.
4. After the formation of clear research question we started to construct a road map for our study and then we discuss different questions related to customer market and management issues of the focal company.
5. After having a good idea about topic and research structure we discussed it with our tutor and other groups in our class and they provide us a positive and constructive feedback. Suggest some useful ideas at starting phase of our research.
6. As a result of feedback and discussion with tutor and other class fellows we reached to the point where we give a final shape to our research question and the whole research is based on this question.

In fact it is a study of consumer behavior in response to the company promises and services because consumer always react in positive or negative way when they shop or buy. “Consumers can display misbehavior in the way that they interact with and react to specific marketing activities.” (Evans, 2006, pp-313)

Selection of topic and Company is based on our common interest and close relation to the company and field of communication. One of the group members is working with Lidl which is our focal company. It is easy to collect primary data from the concerning people within the company. Advertisement is a powerful tool of marketing and it can be used to attract customers, to provide information about company and brand communication. But as a result of this advertising message customers gain a higher level of expectations about the company services which may be or may not be fulfill by the company. So we decide to co-relate both of the issues (advertising effectiveness and customer satisfaction) in the selection of this topic.

4.2 Chosen Theories:

Theoretical framework is another important part of our research methodology. Theories are used to analysis the data which is collected from different sources. We have chosen four main theories and each of them has a specific purpose related to our research problem. A short description of them is as follows:

1. The reason to select communication model is to describe the marketing message of focal company through advertisement and to discuss different stages of this communication process. With the help of this communication model we can analysis the company communication message from beginning of message to the feedback from the customer. It can also helpful to discuss the noise factor which can distribute the communication process.
2. Then we have a theory of service promises which described different marketing activities related to promises made by the company. It has three main segments like making promises, enabling promises and keeping promises. These three stages can help us to discuss that how companies are trying to satisfy their customers by fulfilling their promises and it also help us to suggest that how can our focal company make their customers happy and satisfied by keeping all their promises with them.
3. Then we select a theory which described that what a “quality” is? Reason to select this theory is related to the marketing message of our focal company because their main advertising message is that Lidl is providing high quality at low price. This theory described the quality in five different ways. Which are helpful to analysis that is the customers satisfied with quality provided the company.
4. Service gap model has been chosen to describe the service and quality gaps between the company and customer’s expectation and perceptions. There are five different gaps in the gap model and we select four out of them. These four are as follows: consumer expectation- management perception (Gap 1), Service quality specifications (Gap2), External Communication (Gap 4), Expected Service- Perceived Service Gap (Gap5). More detail of these theories is provided in theoretical framework.

4.3 Data Collection:

Data collection and information gathering is another interesting stage of any research project. To contact with managers of different parts of the company and to discuss different issues and asked many questions related to the research problem is an exciting and experience as a result of which we are unable to analysis the company point of view. Primary and secondary sources are used for data collection.

4.3.1 Primary Data

Interview with Caroline Persson the head of advertising section Lidl Sweden has been conducted to get information about marketing message through advertisement and promises made by the company to provide satisfactory services to the consumers. We used telephonic interviews and some email correspondence to ask question about the formation of advertisement, its contents and the main marketing message in these advertisements.

Another interview was conducted with Thomas Svedman district manager of Lidl store in Eskilstuna, Köping and Strangnas area. The findings of this interview are used as company mission and practicing principles to provide a satisfactory service to the customers. From this discussion we also get information about after sale services in case of non-food items. This interview was consists of two physical meeting with district manager at his office situated in Eskilstuna.

A survey questionnaire was used to collect information about the customer's feelings about services of Lidl in term of "Low Price" and "High Quality" which is the main marketing message of the company. Questions were designed to know customer's feelings about promises made by company and real services they get in the store. Statistical findings are used to analysis and come to the conclusion based on facts from the answers by the customers. These findings are presented graphically. Few important graphs are given in Data Presentation(Finding) area and other are attached in Appendix and clear references of those graphs are given in the data presentation so that a reader can easily understand and check that presentation. Both English and Swedish versions of the questionnaire were available to the customers but most of the customers feel happy to fill the English questionnaire but only few of them were interested to have Swedish version and they were provided with that. We have collected one hundred questionnaires from the customers and then present them in a way to show percentage of their answers to different

options. We asked to more than one hundred customers to provide this information but few of them refuse to fill due to shortage of their time. Both questionnaires are attached in the appendix.

4.3.2 Secondary Data:

Websites of Lidl international and Lidl Sweden are used as secondary data to get some information and statistics about the company, its history, background, development and future plan. This information from secondary data is also used in this research project. Print advertisements which are delivered to the customer's residences are also informative source to get knowledge about company marketing strategy.

4.3.3 Sample Group:

Male and Female customers of Lidl grocery store are used as a sample group of research. They belong to different background and different age groups. Two Lidl stores situated in Eskilstuna has been visited to circulate the survey form to know their opinion about marketing message and real services they received in the store. Most of them were cooperative and they help us to conduct this research in a good manner only few percent of them refused to response due to storage of their time schedule.

4.4 Analysis:

Analysis has been made on the bases of information collected through primary and secondary sources and selected theories in theoretical framework. Statistical information from survey questionnaire is also used in this part.

4.5 Conclusion:

After the analysis of information collected and chosen theories we come to the certain results which are presented in conclusion area and it meet the answer to the purpose of this research project.

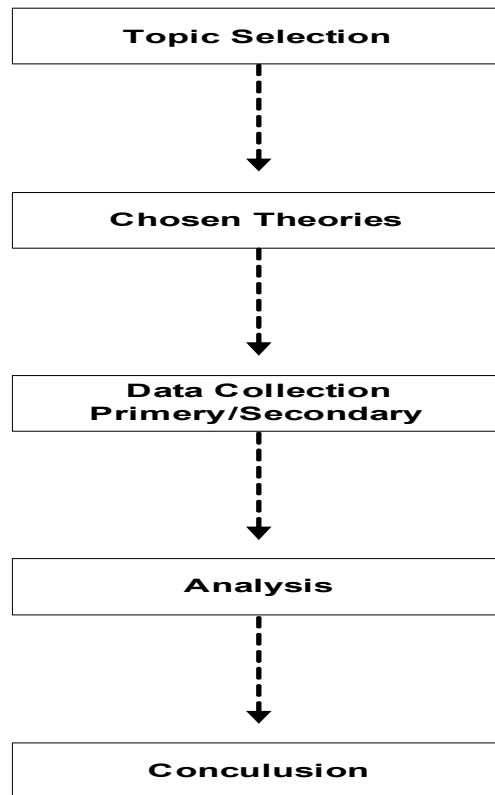


Figure 4: Methodology Process

Source: Authors own designed.

CHAPTER 5: Data presentation (Findings):

In this chapter authors provide all the information collected from primary and secondary data. Findings from interviews with head of advertising section and district manager of Lidl are included in this chapter. Statistical data from survey questionnaire from customer's point of view will also present in this part. All the finding information placed in this chapter will be used for the analysis with help of chosen theories.

5.1 Interview findings about advertising message:

Caroline Persson, she is head of advertising department of Lidl Sweden. We asked questions about advertising message and marketing preferences and main points from the discussion are as follows:

That we are a low-price company with high quality products. We sell Swedish famous brands and also our own quality brands.

Our print advertisements that we send to the customers at stores and to their home are always with good offers. We also advertise in newspapers.

We follow LIDLs colours and the colour of the LIDL logo

I want the consumers to notice our company, Image building, and show them that we always have good offers and always high quality products. We try to communicate in the same way in the different Medias so that the customers can understand directly that it is an Ad from Lidl.

I know that many customers are satisfied with the combination of food and non food and with our low price strategy.

It depends how many product we will market of each group. Often we have 2 food pages and 4 non foods in advertisement. In the middle the contents varies.

We highlight some products with bigger pictures and choose some of them in our ads.

5.2 Interview Findings about Company Services:

An interview was conducted with Thomas Svedman (District Manager Lidl) and following information has been collected from discussion.

Our first and foremost principle is the satisfaction of customers and we are doing as much as possible in this concern. We always try to keep short queue at cash register place. We have introduced in money back guarantee system if customer is not satisfy with our product he/she can return or replace the product within one month. The big display boards about this promise are displayed in each and every Lidl store. There are many non-food items which have three years guarantee and customers can get a new same product or money back if something happened to the product. In case of high tech products like Laptops and computers customers are provided with technical support from the company within guaranteed time period.

To make sure that every product should available to all the customers anytime and all days. We tried to make more and more orders for running products. The articles which are on discount price. We fix some maximum limit for each customer so that each and every customer can get that product. Sometime we get bigger orders from restaurants then we booked their orders one day in advance so that it cannot disturb the daily routine. We have placed advertising board above each cash counter which has a promising message that if you are not satisfied with our any product then you have 30 days time to check and prove it. During this period you can come to the store with the product and receipt and you can get same new product or your money back.

In short we have four main points for the satisfaction of our customers:

Short queue at cash register place

Cleanliness of store

No article should be finished when store is open

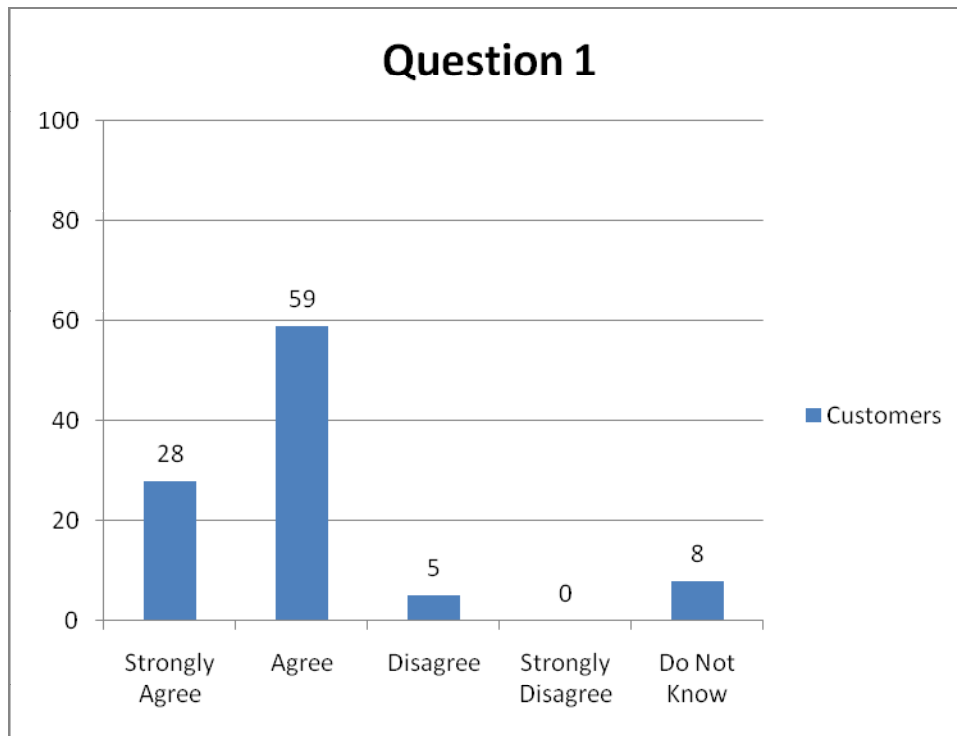
Freshness of products (fruits and veg, milk and butter etc)

5.3 Survey findings from consumer point of views:

Many questions were asked to consumers at Lidl grocery store to get their opinion about advertising message and to check their satisfaction level about price and product quality. Graphical representation of the answers to each question is attached in the appendix and few of them are also given in this section to describe them in a better way.

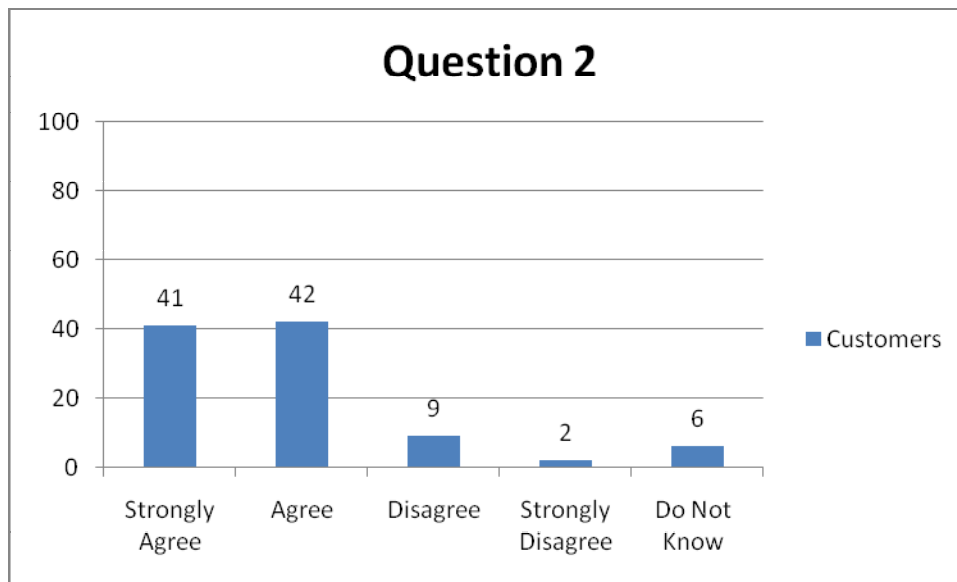
In first question we asked about the effectiveness of advertising message through Lidl advertisement and 28% of the samples customers are strongly agree with effectiveness of the

advertisement message. 59 % are agreed to this point. Only 5% of customers are disagreed with this message, 8 % have no idea about it and no one is strongly disagreed to the effectiveness of advertisement of company. Percentage value of each answering option is presented in the graph as given below:



Graph 1: *Effectiveness of marketing message in consumer perception*

In response to the question about the claim of low price brand by the company 41 % are strongly agreed, 42 % are agreed, 9 % are disagreed, 2 % are strongly disagreed and 6 % of consumers do not know about this claim. In response to this question most of the customers are agreed or even strongly agreed about the low price claim by the company. Values of these answers can be seen in the following graph:



Graph 2: *Customers thinking about Lidl as low price brand.*

Question about high quality brand of Lidl was answered by the consumer with the following percentage out of 100 customers. 22 are strongly agreed and 36 are just agreed that Lidl is a high quality brand then other compactors. 23 of them are disagreed, 7 are strongly disagreed and 12 just avoid to say any thing in response to this question. These values are shown statistically in Appendix in Graph 3.

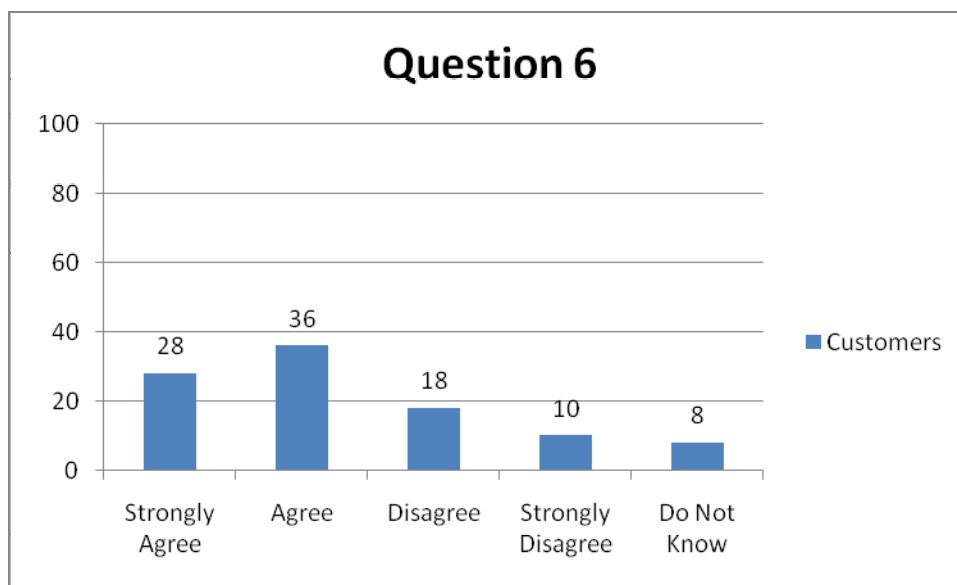
Food and non-food weekly discount can attract more and more customer to buy from Lidl?

40 % of customers are strongly agreed, 35 % are agreed, 7 % are disagreed, 8 % are strongly disagreed and 10 % have no opinion about attraction of weekly discount. This information also show a positive sign towards weekly discounts from the company. (Appendix, Graph 4)

When it comes to quality of food products in normal price and discount price. Customers have different opinions whether the quality of food in both price rate is same or not. Out of 100 selected consumers. 29 have strong opinion that the quality of food in both prices is same, 46 are

agreed too. 12 are disagreed and 8 are strongly disagree while 5 have no comments regarding this issue.(Appendix,Graph 5)

Availability of discount products all the times in whole week is another issue of customer services and consumers behaviour. Statistically customer from Lidl store have following ratio of their feelings about the availability of products with discount prices. 28 % are strongly agreed, 36 % are only agreed, 18 % are disagreed, 10 % are strongly disagreed and 8 % do not know about it.This percentage of the customer point of views can be seen in the this graph:



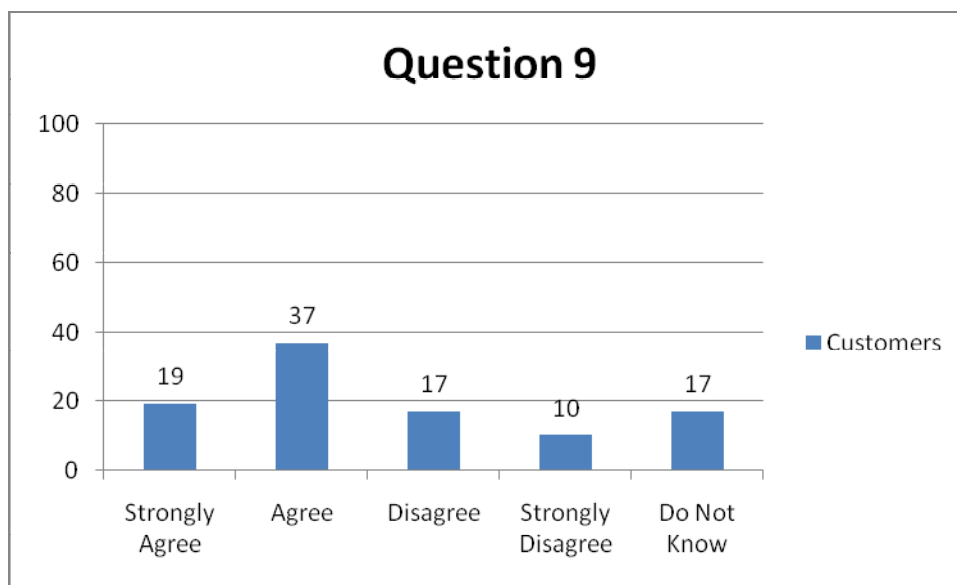
Graph 6: *Availability of products.*

When we asked that are the customers satisfy with the present level quality and price?

22 % happily agreed with present level of quality and price, 37 % are agreed, 19 % are not happy with us combination of price and quality, 8 % are strongly against it and 14 % give no comments about it.(Appendix,Graph 7)

Should company improve the quality of food products at the present level of prices. 30 % are strongly agreed, 36 % are agreed, 16 % are disagreed, 5 % are strongly agreed and 13 % are do not know. (Appendix, Graph 8)

When we asked that is there a need to increase both quality and price at the same time with the same ratio and reply was as follow. Out of 100 customers, 19 are strongly agreed, 37 are agreed, 17 are disagreed, 10 are strongly disagreed and 17 suggest nothing about this change. This information is presented with the help of following graph.

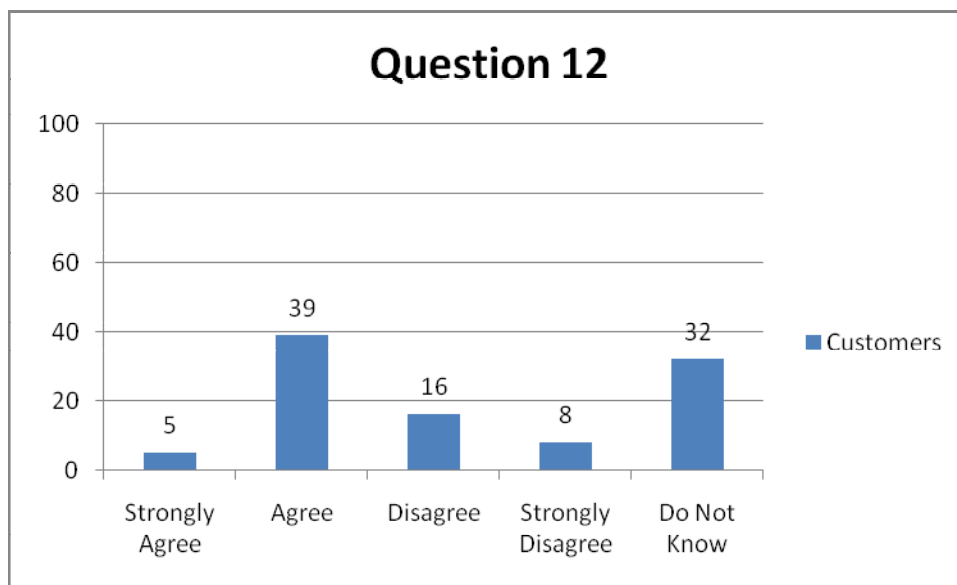


Graph 9: Views about quality improvement with minor increase in price.

Non-food products at Lidl have lower price than other places? This question was also asked to 100 consumers coming from Lidl and half of them are agreed that non-food items at the store have lower price than others, 17 of them are strongly agreed, 14 are disagreed, 3 are strongly disagreed and rest of them do not know. (Appendix, Graph 10).

When it comes too the quality comparsion of non-food products between Lidl and other places. 11 % are in strong agreement, 36 % in agreement with this claim. 24 % are disagreed, 6 % are stongly disagreed and 23 % did not share their opinions.In this question about ¼ of the sample customers are disagreed and not satisfied with the quality and almost same number of the customers did share their views.(Appendix,Graph 11).

After sale services related to electronics and other products are provided by the company at any store or place. Satisfaction of customers about these after sales services is counted in the following percentage. Only 5 % are strongly agreed, 39 % are agreed, 16 % are disagreed, 8 % are strongly disagreed and about one third of customers do not know about after sales services which shows that many people do not have enogh knowledge about the after sale services provided by Lidl store.



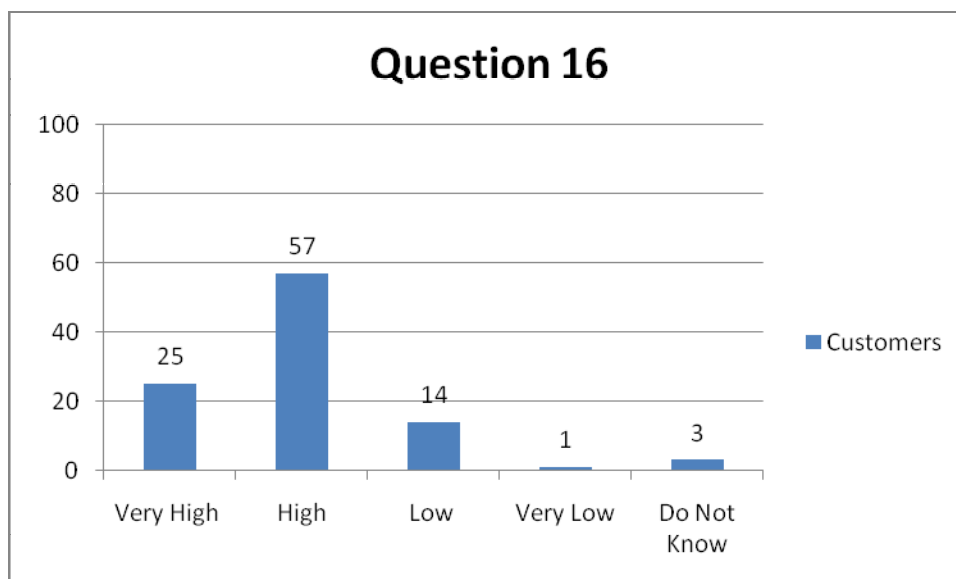
Graph 12: *Customers satisfaction about after sale services of Lidl.*

Company should provide the present quality of non-food products at present level of prices? More then 50 % of customers are agreed with this point, 11 % are strongly agreed, 14 % are disagreed, 13 % are strongly disagreed and only 9 % have no idea.(Appendix,Graph 13)

Company should improve the quality of non-food products with the present level of price? Just over half of the consumer are agreed, below 20 % are strongly agreed, 14 % are disagreed, only 4 % are strongly disagreed and 14 % did not suggest any thing.(Appendix, Graph 14)

When we asked an improvement in quality with the minor increase in price. 58 % are agreed, 11 % are strongly agreed, 14 % are disagreed, 8 % are strongly disagreed and at the last only 9 % do not know about this issue. These answers show that most of the customers are agreed that company should increase the quality of non-food products with a reasonable increase in price. (Appendix, Graph 15)

At the end, a general question about the level of satisfaction was asked to the consumers who were coming from Lidl store after shopping and ratio is as follows. 25 % of them said that they achieved a very high level of satisfaction, 57 % of them claim to attain a high level of satisfaction, 14 % of the consumer have low satisfaction level, only one out of hundred as very low satisfaction stage and 3 % of them avoid to say anything about their satisfaction after shopping from Lidl grocery store. We can see this over all level of satisfaction in customer's feelings in the following graph:



Graph 16: *Customers overall satisfaction level.*

5.4 Observations:

A number of visits are made by the author to observe the real environment in the store and also to observe consumer behaviour and their feelings when they are in the store for shopping purpose. We find that floor and shelves are clean and all the product displays are simple and visible which is a main way to attract and grasp the customer eyes and mind. Advertisements are placed at the entrance point so that customers can have a look on different offers before the start of their shopping. Campaign articles are also placed near to the entrance way. This placement shows a linkage between advertisement and campaign articles in this way. We observe that the company wants to place as much products as possible at a time. Few of the staff members are walking through the store for the service of customers and they were busy to answer the questions from customers about price and products. If something falls on the floor, the staff take it on priority to clean it and they also try to rebuild the product placement after short intervals.

CHAPTER 6: Analysis

In this chapter, authors will analyse the data to check the satisfaction level of Lidl's customers through the theoretical framework. In another way, we will also analyse how to make the customers more satisfied, based on the data of our research on the psychology of customers such as questionnaire which is used for quantitative analysis of the customer who visit the store.

6.1 The Communication Process of the advertisements:

Advertisement is the bridge between the company and the customers, to say, it is a communication process. It creates and delivers the messages to customers for interpreting the products and the services. The process includes seven elements: Information Source, Encoding, Message Channel, Decoding, Receiver, Feedback, and Noise.

6.1.1 Information Source:

The main method to deliver the messages of the products and the services of Lidl supermarket is the advertisements, especially the print advertisements. The most attractive factor of purchasing in Lidl is the low price of the products, so they always print the information of new products, discount products and others in the paper advertisements to deliver them to the potential customers' homes or display them in the stores for customers who come in the supermarket to read before purchasing.

The source of the product information is from the marketer who decides that how much to make the price lower, how many kinds of products are in discount sales, how many new products need to be in hot-sales and how to arrange the services. In this way, Lidl has the definite goal for introducing their products in view of their advertisements, arranges their discount products in order and makes the low price signal as their sparkle.

6.1.2 Encoding:

Although of the attractive products, they still need to make the customers reach the information and desire to buy. Encoding is a process to make the customers understand the messages from the advertisements.

In the entrance of Lidl supermarket, it is easy to find the shelf for the print advertisements which includes the information of most of the discount products in the present week. The papers are vivid with red, yellow and blue colors to attract customers' eyes, some of the super-low-price products are described in bold words with bigger pictures, most of the new products' pictures are designed in different corners with special symbols, and the food and non-food products are separated in different pages, which makes the customers find the products they need more fast.

In the store, they write the discount price on the yellow or orange big papers put on the wall to make the customers understand how much lower it is and compare different prices of different brands products in the same category to find the ones they prefer to.

Even from the outside of the store, the customers can check the huge post of the main discount products' information and pictures on the outside wall of Lidl. It is also a good way to attract the customers to come into the store.

6.1.3 Message Channel:

The media is one of the channels to deliver the message to the public. There are some public media reported the information related with Lidl such as newspapers, TV, Magazines, websites and so on. However, the public relation cannot controlled by the company and the perception of the customers can not be controlled either, while the advertising is the only method can be controlled by the company.

Hence, Lidl make use of the home-delivery advertisements with most of the information of the discount and new products in one week to send out to all the mailboxes in the living districts around the stores. Another, they make full use of the space in the store, put the obvious discount prince paper on the walls and the large pictures of main products on the outside walls, and prepare the print advertisements shelf for reading.

6.1.4 Decoding:

It is related with the Encoding directly, the company tries their best to make sense the advertisements, but how much the customers get?

According to the survey of the questionnaire, 87% of the customers (Graph 1) agree that Lidl's advertisements have a strong and effective communication messages which prove that the decoding process of the advertisements of Lidl works, among these customers, almost half of them even agree this point very strongly..

The main method of Lidl to attract consumers is the low price. In this investigation, 83% of customers (Graph 2) agree the prices in Lidl is really very cheap, which means they decode the message of this point from the advertisements in Lidl, and prefer to purchase in Lidl after comparing to the other supermarkets.

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6.1.5 Receiver:

It is decided by the actions of the consumers after the decoding step. After reading the messages in the advertisements or entering the store for having a look, most of the consumers agree that the price is low enough indeed as what they promise in the advertisements, no matter the food products or the non-food products, so most of the families prefer to do a big purchase once a week in Lidl.

6.1.6 Feedback:

It is a way to measure the effectiveness of the advertisements and evaluate the communication through the actions by the receivers. Most of the consumers (Graph 4) prefer to purchase in Lidl mainly in view of the low price, just half of them think the quality is high.

Lidl company focus their price marketing strategy on the advertisements, in this point, the effectiveness of the advertisements is high, and considering the purchasing actions by the customers, the advertisements work well. However, in another view, for the long-term marketing strategy, Lidl needs to find another way to attract the customers not only through the low price and put more attractive information in different facts and different ways to improve the sales.

There is no regular service system in Lidl store to collect the feedback of the customers, which makes Lidl cannot improve the communication with their customers to found what they really need and how to make them more satisfied except the price messages in the advertisements.

6.1.7 Noise:

This is about some voices from other competitors which also effect the marketing message. In Sweden, there are some native brand supermarkets while Lidl is a German brand.

For instance, the products in Coop Extra or Coop Forum are much cheaper than the others as well, although they are a little bit more expensive compared to Lidl. However, these two kinds of supermarkets are much bigger than Lidl store and they own much more products, more categories and more brands. Sometimes, the consumers cannot find the products they need or the brands of products they want, so they have to give up Lidl and go to its competitors.

There is also another problem. For instance, the consumer wants to buy a pack of washing powder. He goes to Lidl founding 3 brands, A, B and C, and then he goes to Coop Extra founding A,B,C,D,E,F, six brands in total. Although the prices of A, B, and C products are higher than Lidl's and F is very expensive with much higher quality or the brand reputation, the

prices of D and E in Coop Extra are even cheaper than the prices of A,B and C in Lidl Store and their qualities are almost in the same level, so he may decide to buy D or E here or if he cares the quality most, he may choose F. In our investigation, only half of the customers agree that Lidl is a higher quality brand than others, in the same way, half of them disagree with this point.

6.2 The promises from the advertisements to the consumers in Lidl:

Making, enabling and keeping promises which are related to relation, partnership and behavior of the service provider to the customer are the keys to build a good communication with the customers and sustain a stable relationship with the customers. Since 2003 the first Lidl supermarket opened in Sweden till now, the business of Lidl is better and better with a high reputation in consumers' minds, which implies that the relationship built by Lidl towards the customers is successful with the key of promises.

6.2.1 The promise of food products:

Most of customers decide to purchase in one supermarket care about the products most, in two ways, the price and the quality. In view of the quality of the products is up to the producers, although the brands of products chosen by the supermarket, they like to compare the prices of the same brand products in different supermarkets, even if the differentiation is just a little.

For the food products, Lidl supermarket in Sweden owns the common Swedish brands of products, and they make a promise of low price by the pressure from external market. Actually, it is a competition strategy to other Swedish native supermarkets like Coop and ICA. These kinds of products are very common in any store in Sweden, so Lidl has to make the low-price promise to find a solution to attract more customers in the daily consume. Hence, Lidl emphasis this point in its advertisements to let their customers get the promise. Most of the consumers (Graph 1)

purchased in Lidl agree that Lidl is much cheaper than others indeed, so it means that Lidl enable their promise and keep the promise until now, it is still with the image of low-price

In another way, Lidl owns their special food brands compared to other Swedish supermarkets. They have their own marketing channel to transport some German brands to Sweden with very low cost, and most of this kinds of food products which cannot be found in local supermarkets are very cheap like milk, yogurt and juice, at the same time, Lidl promises the quality of these products to consumers and they are really in good quality. In Lidl store, these food products are always with a color price label to remind the customers how cheap and how good they are.

6.2.2 The promise of non-food products:

From the data of the questionnaire, 67% of the consumers (Graph 10) agree that the price of non-food products is lower than other supermarkets. Not only the food products, has Lidl also made the same promise for non-food products. However, for the promise of the quality, not more than half of the customers agree that the quality of these products in Lidl is better than others and even 68% of them (Graph 14) hope that Lidl should improve the quality of the non-food products in the same price and 69% of them (Graph 15) agree to improve the quality with a little higher price, which implies that Lidl does not enable their promise in the quality of non-food products, let alone keeping the promise, so they need to reconsider the providers of the products or the chosen brands.

Most of the non-food products are electric products. Lidl makes the promise to ensure the after-sale services to satisfy the consumers. However, just 44% of them (Graph 12) satisfied with their after-sale services. They make the promise in the advertisements for non-food products; obviously, there are some problems during the operation process, which shakes the stable relationship with the customers in a way. The unsatisfied behaviors of service provider effect the purchasing decisions of the consumers directly.

6.3 Defining the quality in Lidl:

6.3.1 The quality of products:

The customers (Graph 8), mostly, agree that Lidl sells the good quality products in a very low price, even some of the products are better than other supermarkets.

In the food products section, the common Swedish brands products sell cheaper than the other supermarkets in the same level of quality, apparently, and the foreign brands like German brands products are in good quality as well but with even much cheaper price in the same categories compared to the Swedish products.

There is not direct service factor in these products. The consumers not only care about the quality, but also the discount price, so in this way, the quality itself in the products is good enough, we can define the good quality to the products in Lidl.

In the non-food section, half of the customers (Graph 13) feel the quality is not good enough, although the price is lower, they still want Lidl to improve the quality on this section, even add extra fee in the price, so for this category, it is hard to define the good quality to Lidl

6.3.2 The quality of services:

However, different from the effect of the quality of the products, half of the customers (Graph 11) feel unsatisfied with the services on the products, mainly the non-food products.

Obviously, most of the non-food products are electrics. These kinds of products need to be checked or repaired regularly to make sure they work well. The electrics products are always with high-Tec inside, so they need the professional staff or the people who are trained to do the business at least to repair.

The quality of the after-sale service not only focus on the promise of the fact and the regular date to execute it, but also focus on the qualification of the employees to make sure the quality of the checking or the repair. In consider of this point, Lidl is not in the way for good quality.

6.3.3 The quality of advertisements:

Advertising itself is a way for the company to communicate with their customers. The face of the advertisement is the first impression. Martin Evans, Ahmad Jamal and Gordon Foxall (2005, pp 28-58) explained the basic ways to catch the customers' attention, vision, sound, touch, taste and smell.

In this case, Lidl makes use of the print advertisements as their main method to attract the customers. In the vision, the image of Lidl is colored by blue and yellow which are the colors of Swedish national flag as well, and this image itself decides the colors of the title and the basic color tone in the paper. In Sweden, these colors can easily catch the heart of the customers.

They divide the food products and non-food products in different sections, and in the edition, they also make difference between the new products and special introduction products, the regular discount products and the VIP card discount products, and even the specific divisions in each food section and non-food section, for instance, the solid food and the liquid food are shown in different pages, and for the liquid food, milky products, drink products and sauce products are in different parts.

Moreover, besides the vivid pictures, they add the text to show the specific information such as the price, the weight, the date for discount, the brand, the title of the products and other details, which make the customers, get the basic message directly.

The touch is also very important which is up to the quality of the paper. Lidl uses the thin papers with the smooth surface and non-smell. It is very comfortable for the customers to touch it when they are reading or turn over the pages.

6.3.4 The satisfaction of customers on the quality:

As a conclusion of this part about the quality, the advertisements deliver the message of “low price, high quality” to the customers, the quality included in the products and services. In Lidl supermarket, the products are mainly divided in to two parts-food products and non-food products.

In the investigation, most of the customers (Graph 1-6) feel very satisfied with the low price of any kinds of products in Lidl and give high judgment on this point to Lidl as well. However, half of them feel unsatisfied with the quality (Graph 8, 10 & 12) of non-food products and the after-sale services (Graph 11). They want Lidl find a solution to improve the quality and the service for the non-food products, not just focus on the low price

For the messages from the advertisements, most of them (Graph 2) feel satisfied with the edition, pictures, text and the promises on the print papers.

Overall, the data shows 82% of the customers (Graph 16) shopping in Lidl Sweden feel satisfied with the supermarket and most of them agree that the quality of Lidl is higher than their other competitors. Hence, we can define Lidl in good quality in general, and their long-term good business situation in Sweden proved this point, meanwhile.

6.4 Analysis in Gaps Model:

The gaps model is used to analysis the different perceptions between the consumers and the marketer to find a solution for the harmony. In this Lidl case, we pick up Gap 1, Gap 2, Gap 4 and Gap 5 for the analysis.

6.4.1 Gap 1: Consumer Expectation-Company Perception:

There is always a gap existed in the unmatched information between the consumer and the marketer. It is hard for the company to catch the interests of the customers and it is also not easy for the customers to behave directly to let the company understand what they really want.

The consumers, in this case, they go to supermarket for purchase. Different persons have different desires. The main customer group is the housewives. They need to buy all the things for the whole family. Considering the quantities of the products, they want to find a cheaper place for shopping, because it will save them a sum of money in total and they themselves care about the living cost very much. Although they like to go many places to compare the prices, it is not realistic for them to check every supermarket, so the home-delivery advertisements attract them most. Before go out for shopping, they would like to stay at home checking the advertisements from different supermarkets, making signs of the discount products they want and choosing the cheapest place.

In this situation, Lidl makes a choice of the low price as its main introduction method to attract the consumers and send the home-delivery print advertisements to the mail boxes in the living districts around the store.

In the same customer group, they also need a big supermarket with more categories of products to do the one-station purchase, and they need the promises of the quality of the products. Good quality with low price is always a belief of the people in this group.

Apparently, Lidl supermarket is not big enough to contain so many categories as what they want. Sometimes, if the differentiation of the prices for the whole purchase is not very big, most of them like to go to the bigger supermarket, although Lidl has the advantage of the price.

In the non-food section, Lidl is lack of the perception from the customers. They focus on the price too much to consider the customer's requirements of the quality. The non-food products will be used in the long time, if it does not work well, it is indeed a trouble for the consumers to use and to trust the company again. Lidl does not have a good service system for the repair of these products' after-sale services, either.

For the young people consumer group, they go to supermarket for purchase, just for fun or something they need by hand, because they do not need to buy much, the price is not very important for them. However, some special or fashion products attract them much more.

In Lidl, it is easy to find the daily food and basic non-food products, except the regular products, they cannot find something new, so it is not a attractive supermarket for them.

For the old people or the retired people, they do not need special products and they do not need many things for eating or use either. They just care about saving money, so Lidl is definitely the best choice for them to do shopping.

6.4.2 Gap 2: Service Quality Specification :

In consider of the service, Lidl does not well in the after-sale service for the non-food products and even not a perfect service system to support it, with dissatisfaction from the customers (Graph 8-13), however, they do some good services in the store.

Before entering the store, the huge post of the picture and the information of the main discount or new product is shown on the outside wall for the customer to focus on. On the corner of the

entrance, there is a shelf for the print advertisements to introduce most of the products in the store with the original and present prices.

Inside the store, they sort the different kinds of products in different districts for the customer to find their category easily. They make different colorful labels with price to differentiate the new products, the discount products and the special products.

They set up enough check out exit to avoid the long waiting line and they train the employee to offer smile service to customers as well. The customers feel satisfied with the service in the store very much.

However, the lack of the perfect after-sale service weakens the sales of non-food products in the store. In another way, they have no full training for the employees, for instance, when the customer want to try the electric product, they cannot find a professional staff to explain how to use it; if they found that the product does not work well, they cannot even find a person to check or repair it.

6.4.3 Gap 4: External Communication:

The promises in the advertisements of Lidl are about the price and the quality. Most of their customers (Graph 1 & 9) prove that they really give them the lower price than other competitors, while in consider of the quality, there are different views. They confirm that the quality of the food products is very high, even some of them are much better than other supermarket with higher price (Graph 4,6 & 7).

Besides, they accomplish the promises in the advertisements of the products they sell. If there are some goods in discount, after reading the advertisements, they can be founded in the store with the exact discount price label and the good quality as what Lidl promised.

However, they are not satisfied with the promises on the non-food products. At first, they do not agree that this kind of products are better than the ones in other supermarkets or even not in good quality; Secondly, half of them (Graph 11) can not feel the existence of the after-sale service for the non-food products, no matter electrics, clothes or some stuffs. It results in that the customer would rather spend more money in other shops for the real after-sale service.

In the external communication, Lidl has no certain system to investigate the satisfactions of the customers, so it is hard for them to update the products to follow the market trends and the new favors of the customers. Sometimes, the customers change their minds so fast following the nonstop fashion updating in the market, and the price definitely is not the only standard for them to purchase. The quality of the goods means so much, not only on if it works well, but also on the design, the style and the brand.

In the internal management, Lidl has no certain department to service the customers, to find their expectations presently, to train their employees to make them professional to solve the problems for the consumers, to manage all forms of communications to the customers and to make appropriate communication plans.

6.4.4 Gap 5: Expected Service-Perceived Service:

At first, the consumers want the lower price than most of other supermarkets. Lidl promises their main task is to low the price down in the advertisement. After comparing to the others, the consumers satisfy with this service.

At the same time, the consumers expect the good quality as well. Most of the products are in high quality as what the consumers said just a few kinds of non-food products cannot be satisfied by the consumers.

For the advertisements, the consumers confirm that Lidl accomplishes most of its promises of the services to the customers, however, the after-sale services have almost never been accomplished by them, which makes them hard to decide to buy this category in Lidl.

The consumers care about the layout of the store as well. Lidl display the goods in order and separate those to different areas, which make them, can find the goods they need easily and fast.

Considering the feeling of the consumers' check-out, they set up enough check-out exits for them to avoid the long waiting line and offer the smile service to make them feel happy even after the shopping.

In the store, if you cannot find the goods or feel confused about the price labels, it is easy to find a staff to get the right answer, but if you cannot find a way to try the new high-Tec electrics products, they cannot help you directly. For the consumers, the direction service and the after-sales service is very important, while in view of the lack of the management of the expectations of the customers in Lidl, they cannot offer some services the customers expect. That is the vital weakness of Lidl.

CHAPTER 7: Conclusion

Advertisement is the main media method for Lidl to introduce its products and services. They use nice-touching papers as the basis for the print advertisement, design the content in vivid pictures, specific text demonstration, attractive colors and obvious divisions of different categories, and set the low price as the sparkle.

The consumers feel very satisfied with the messages and the promises from the advertisement. They can search the information they need in the papers easily, and catch the main message on the conception of low price, good quality from the company directly. The promises on the price, the quality and the service in the advertisement are very attractive to the customers.

The price in Lidl is really lower than other supermarkets, and the customers feel very satisfied on this point. The quality of the food products are judged high by the consumers, while the quality of the non-food products are not satisfied by the consumers.

The service in the store is related with the layout of the products. They separate different categories to different areas clearly to make the consumers search the goods easily. They also design the price labels in different kinds with different colors to make sense to the consumers. Everything is in order with the same information as what the advertisement says. Meanwhile, the employees in the store offer the smile services including helping the consumers find the goods patiently, answering the questions about the products and save the time for customers in the check-out line. So the consumers feel satisfied with this point as well.

However, the customers feel no satisfaction with the direction service and the after-sale service. They cannot get the right direction of how to use the products from the staff in Lidl for the first trial and there is no service department for checking or repairing the products after the sales. In this way, the customers also feel disappointed to the fact that the employees are not professional on this kind of services.

All above, advertising is more effective way than public relation in the communication between a company and its customers, because the products information can be controlled rightly by the

company, the promises are illustrated directly from the company, the services items are showed exactly and the image or reputation of the company are impressed by the target customers more effectively. The advertisements is not just the information on the products, which includes so many subjects such as the text, colors, edition, and design requiring basic skills, inspirations, innovations and even high-tec. It is like a window open to the customer's heart. From the advertisement, they get the first touch of the company and catch the promises from the company. For the company, they have to realize their all the things listed in the advertisements to serve the customers. In this Lidl case, the customers feel satisfied with the messages from the advertisement and generally, most of them also feel satisfied with the services provided by Lidl, but there is still a problem existing in some facets of the services through the judging standard of the service quality, which makes the customers feel not so satisfied. In a way, Lidl needs to improve the qualities of non-food products and the services they promised in the basis of maintaining the low price in a certain level as usual.

CHAPTER 8: Recommendations

Although Lidl is successful in the retail industry, there are still some factors need to improve in view of the data from the investigation of the customers and the analysis by the theories.

8.1 The advertisement:

The cover of the print advertisement is a big picture for the main discount products. It is too colorful and occupies too much space result in covering the emphasis on the brand image of Lidl. If they do a little modification to lighter the image, it will leave a very deep impression with blue and yellow colors to the customers who read the advertisement at first time. They should add more pictures with medium size on front page to attract a reader more.

Also, add more promises on the services which Lidl will offer.

8.2 The Non-food Products:

From the analysis, it is obvious that Lidl needs to improve the quality of the non-food products, even if they have to increase the price meanwhile, but the consumers will be satisfied with this change. These products are not produced by Lidl, so the company should consider on the brands, reputation, quality and channel of the provider factories to find new products in higher quality for display in Lidl store.

Another thing for these products is on the direction services and after-sales service. Lidl should arrange some professional employees to present how to use the products if the customers need and build a department for regular check of the products for the customers and repair the products when it does not work well.

8.3. The Training:

Lidl did good job to train its staff for the smile service, but they are lack of the professional knowledge on the non-food products. So it is better for Lidl to set up a group among the employee and train them regularly to solve the service problems from the customers.

8.4. The Media:

Apparently, the print advertisement is not enough for Lidl's development in Swedish market. Through the public media like newspaper and TV is a good way, but it is not easy to control the information with which kind of judgment by the publish, and the perception of the customers when they receive the messages.

The better way is to improve the techniques on the Medias by Lidl itself. They can put the LCD on the wall inside the store to play non-stop video advertisements which are very attractive and effective in most of Chinese supermarket in Beijing, or arrange some presentations and shows in the public to improve the reputation of the brand.

8.5. The Promotion:

The low price is not the only way to attract the customers, and the fact that customers do not like to buy the non-food products in the low price proves this point. So it is better for Lidl to consider some other ways to attract people come to purchase, such as the electric-coupon, the questionnaire gifts and festival presents.

8.6. The Communication:

The unmatched information always disturbs the relation between the customers and the company. Lidl focus on the price all the time and ignore the updating information from the customers, which make Lidl lose some old customers. The suggestion is that Lidl need to do some investigation like questionnaire to know what the customers need recently or what the popular style is presently, by this, to update the products or the direction of the sales in Lidl.

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Interviews:

1. Thomas Svedman
(District Manager Lidl)
Eskilstuna, Koping and Strangnas
(Sweden)

2. Caroline Persson
Head of Lidl advertising section,
Stockholm, Sweden

10 APPENDIX :

PART I: THE QUESTIONNAIRE: (English Version)

Questionnaire (Advertising message and customer satisfaction)

Name -----

Gender -----

Age -----

Contact-----

1. Do you think that Lidl advertisements have a strong and effective communication message?
 - a. Strongly Agree
 - b. Agree
 - c. Disagree
 - d. Strongly Disagree
 - e. Do not know

2. Do you think Lidl is a low price brand than other stores?
 - a. Strongly Agree
 - b. Agree
 - c. Disagree
 - d. Strongly Disagree
 - e. Do not know
3. Do u think Lidl is a high quality brand than other competitors?
 - a. Strongly Agree
 - b. Agree
 - c. Disagree
 - d. Strongly Disagree
 - e. Do not know
4. Food and Non-food weekly discounts attract more and more customers?
 - a. Strongly Agree
 - b. Agree
 - c. Disagree
 - d. Strongly Disagree
 - e. Do not know
5. Quality of food products is same in both, normal price and discount price?
 - a. Strongly Agree
 - b. Agree
 - c. Disagree
 - d. Strongly Disagree
 - e. Do not know
6. Weekly discount products are available to the customers all days and any time during the week?
 - a. Strongly Agree
 - b. Agree
 - c. Disagree
 - d. Strongly Disagree
 - e. Do not know

7. Company should provide the present quality of food products at present level of prices?
- Strongly Agree
 - Agree
 - Disagree
 - Strongly Disagree
 - Do not know
8. Company should improve the quality of food products with the present level of price?
- Strongly Agree
 - Agree
 - Disagree
 - Strongly Disagree
 - Do not know
9. Company should increase the quality of food products with a minor increase in price also?
- Strongly Agree
 - Agree
 - Disagree
 - Strongly Disagree
 - Do not know
10. Non-food products have lower price than other places?
- Strongly Agree
 - Agree
 - Disagree
 - Strongly Disagree
 - Do not know
11. Quality of Non food product is better than other companies and stores?
- Strongly Agree
 - Agree
 - Disagree
 - Strongly Disagree
 - Do not know
12. Do you think after sale services at Lidl store, related to electronics and other products are satisfactory ?
- Strongly Agree

- b. Agree
 - c. Disagree
 - d. Strongly Disagree
 - e. Do not know
13. Company should provide the present quality of Non- food products at present level of prices?
- a. Strongly Agree
 - b. Agree
 - c. Disagree
 - d. Strongly Disagree
 - e. Do not know
14. Company should improve the quality of Non-food products with the present level of price?
- a. Strongly Agree
 - b. Agree
 - c. Disagree
 - d. Strongly Disagree
 - e. Do not know
15. Company should increase the quality of Non- food products with a minor increase in price also?
- a. Strongly Agree
 - b. Agree
 - c. Disagree
 - d. Strongly Disagree
 - e. Do not know
16. As a customer, which level of satisfaction you have attained after shopping from Lidl store?
- a. Very high b. High c. Low d. Very Low e. Do not know

Questionnaire (Swedish Version)

Frågeformulär (Annonsinnehåll och kundtillfredsställelse)

Namn -----

Kön -----

Ålder -----

Kontakt-----

1. Tycker du att Lidl's annonser förmedlar ett starkt och effektivt budskap?

- a. Håller helt med
- b. Håller med
- c. Håller inte med
- d. Håller inte alls med
- e. Vet inte

2. Tycker du att Lidl är billigare än andra affärer?

- f. Håller helt med
- g. Håller med
- h. Håller inte med
- i. Håller inte alls med
- j. Vet inte

3. Tycker du att Lidl håller högre kvalité än konkurrenterna?

- k. Håller helt med
- l. Håller med
- m. Håller inte med
- n. Håller inte alls med

- o. Vet inte
- 4. Är allt fler kunder intresserade av veckans rabatter på mat och övriga varor?
 - p. Håller helt med
 - q. Håller med
 - r. Håller inte med
 - s. Håller inte alls med
 - t. Vet inte
- 5. Kvaliteten på matprodukterna är densamma både vid normalpris och vid rabatterat pris?
 - u. Håller helt med
 - v. Håller med
 - w. Håller inte med
 - x. Håller inte alls med
 - y. Vet inte
- 6. Veckans rabattprodukter är tillgängliga för kunderna alla dagar och alla tider under hela veckan?
 - z. Håller helt med
 - aa. Håller med
 - bb. Håller inte med
 - cc. Håller inte alls med
 - dd. Vet inte

7. Affären borde erbjuda den nuvarande kvalitén på matprodukter till nuvarande prisnivå?

- ee. Håller helt med
- ff. Håller med
- gg. Håller inte med
- hh. Håller inte alls med
- ii. Vet inte

8. Affären borde förbättra kvalitén på matprodukterna och behålla dagens prisläge?

- jj. Håller helt med
- kk. Håller med
- ll. Håller inte med
- mm. Håller inte alls med
- nn. Vet inte

9. Affären borde höja kvalitén på matprodukterna med en mindre prisökning?

- oo. Håller helt med
- pp. Håller med
- qq. Håller inte med
- rr. Håller inte alls med
- ss. Vet inte

10. Priset är lägre här än på andra platser för övriga produkter (inte mat)?

- tt. Håller helt med
- uu. Håller med
- vv. Håller inte med
- ww. Håller inte alls med
- xx. Vet inte

11. Kvalitén på övriga produkter (inte mat) är högre än i andra affärer?

- yy. Håller helt med
- zz. Håller med
- aaa. Håller inte med
- bbb. Håller inte alls med
- ccc. Vet inte

12. Tycker du att du får tillfredställande service, för elektronik och liknande varor, efter att ett köp på Lidl är avslutat?

ddd. Håller helt med

eee. Håller med

fff. Håller inte med

ggg. Håller inte med

hhh. Vet inte

13. Affären borde tillhandahålla dagens utbud av övriga produkter (inte mat) till dagens prisnivå?

iii. Håller helt med

jjj. Håller med

kkk. Håller inte med

lll. Håller inte alls med

mmm. Vet inte

14. Affären borde förbättra kvalitén på övriga produkter (inte mat) men behålla dagens prisnivå?

nnn. Håller helt med

ooo. Håller med

ppp. Håller inte med

qqq. Håller inte alls med

rrr. Vet inte

15. Affären borde höja kvalitén på övriga produkter (inte mat) med en mindre prisökning?

- sss. Håller helt med
- ttt. Håller med
- uuu. Håller inte med
- vvv. Håller inte alls med
- www. Vet inte

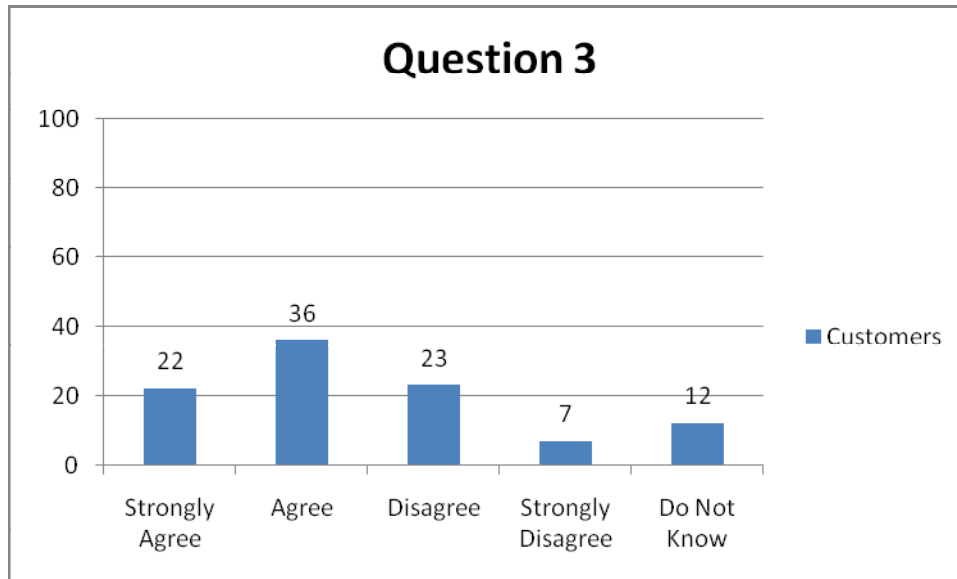
16. Som kund, vilken nivå av kundtillfredsställelse känner du efter att ha handlat på Lidl?

- a. Mycket nöjd
- b. Nöjd
- c. Mindre nöjd
- d. Inte nöjd
- e. Vet inte

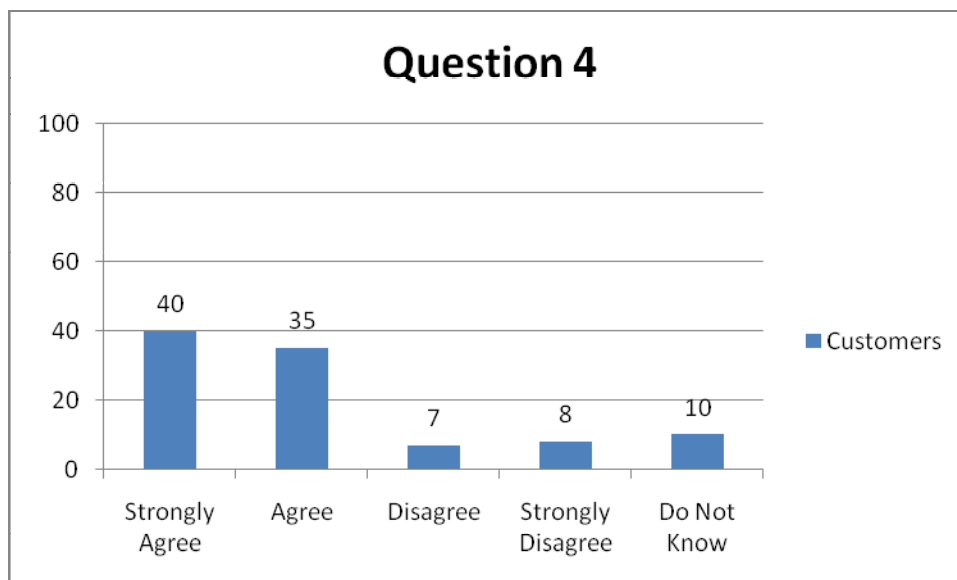
TACK!

PART 2:

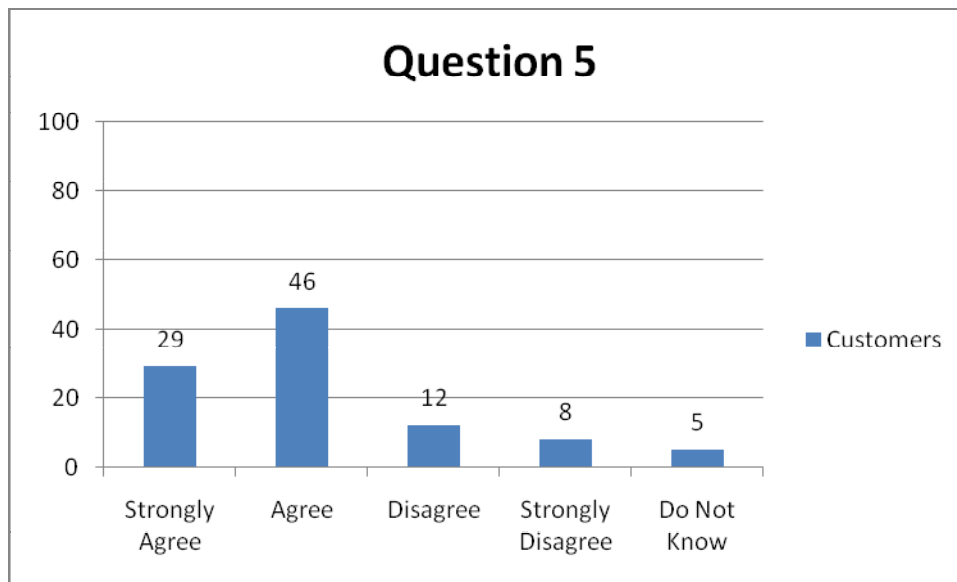
Graphical representation of customer's response to the questionnaire.



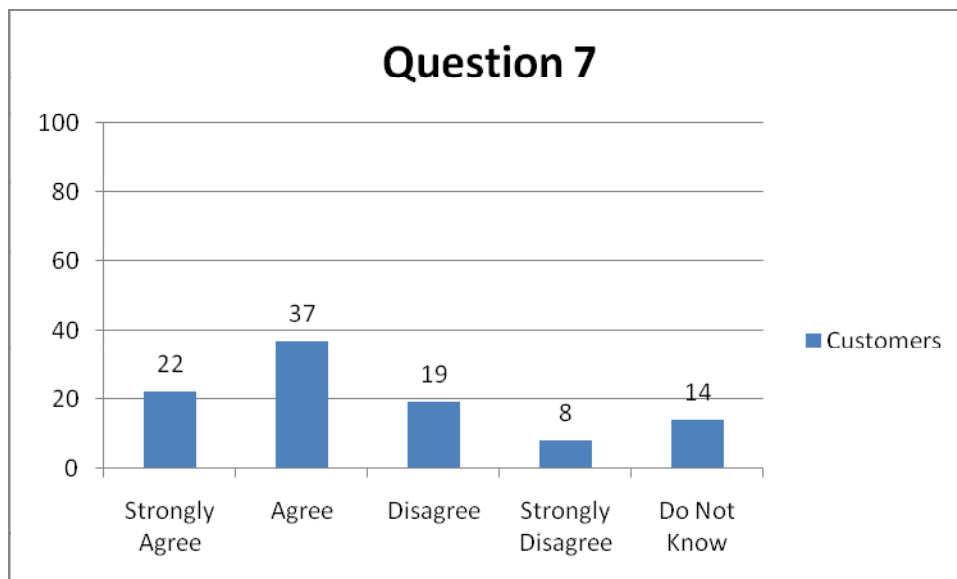
Graph 3: *Customers thinking about Lidl as high quality brand.*



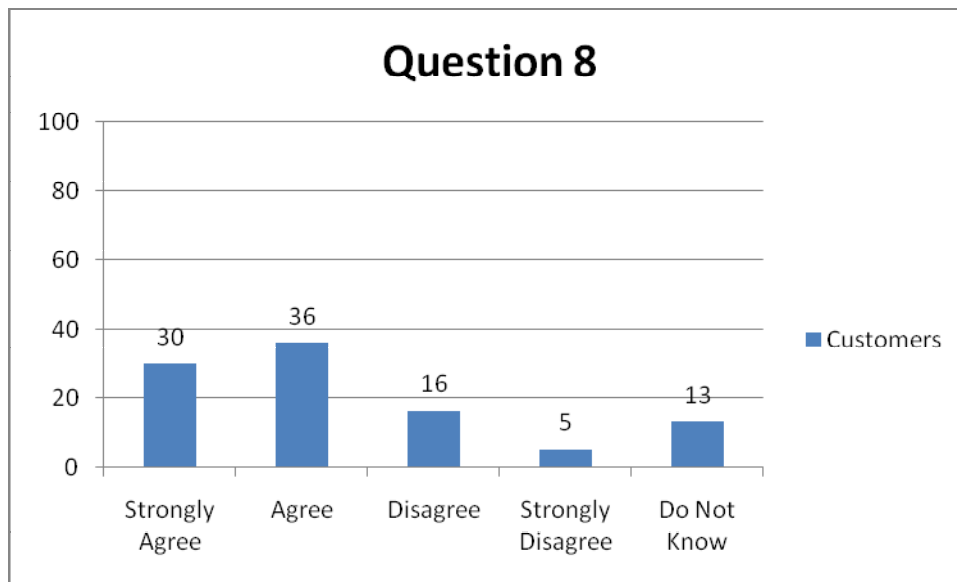
Graph 4: *Attraction of discounts in consumer's mind.*



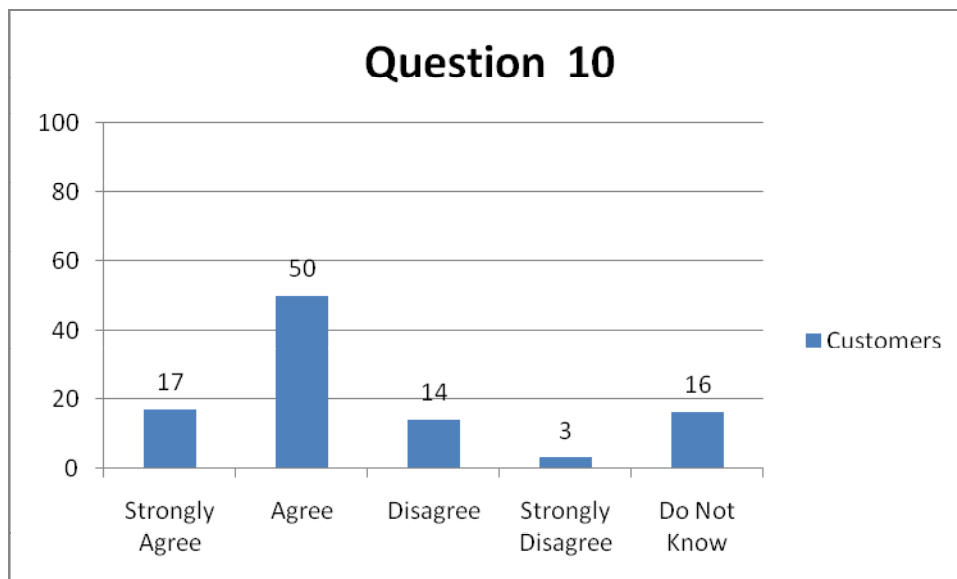
Graph 5: *Food quality comparsion between normal and discount price.*



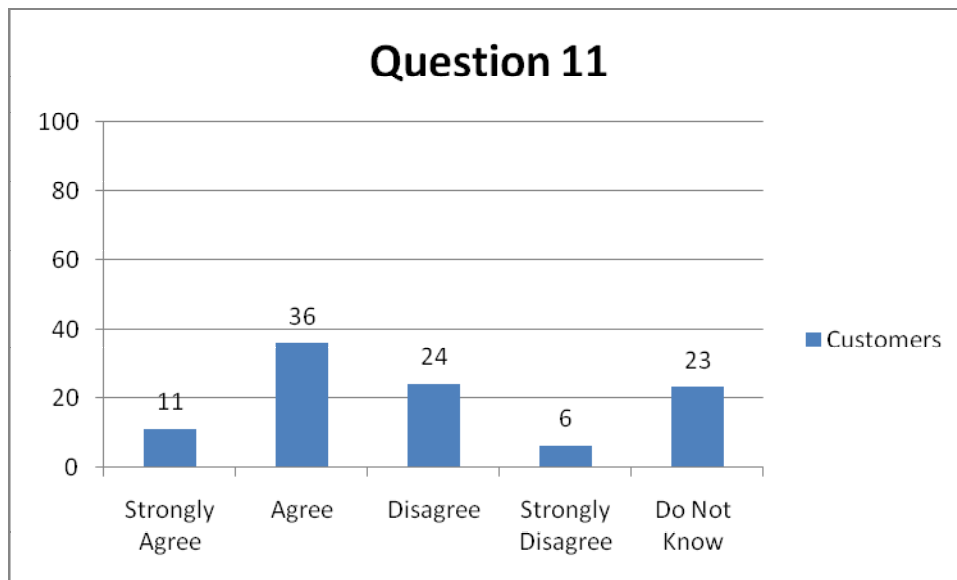
Graph 7: *Customers views about present level of quality and price.*



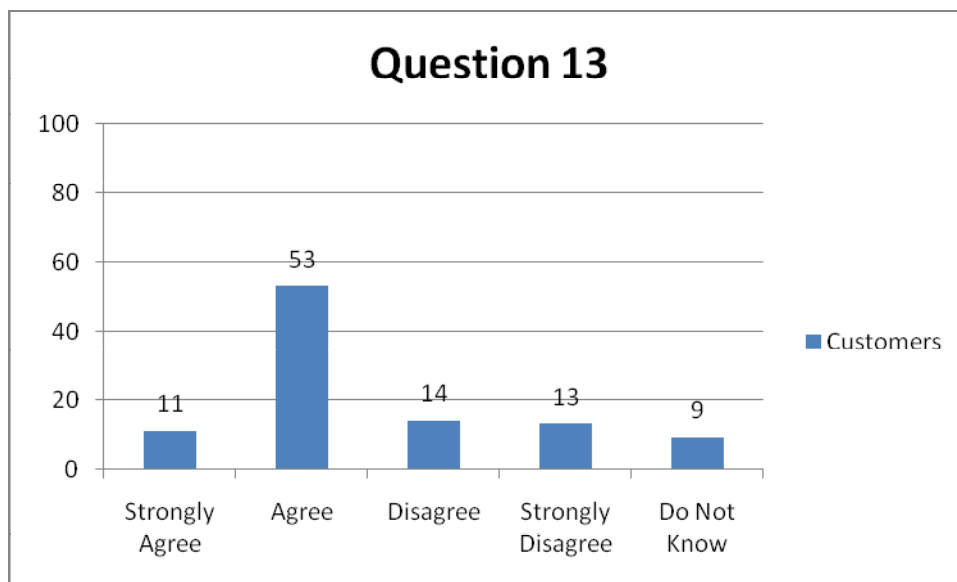
Graph 8: *Should company improve quality at same price.*



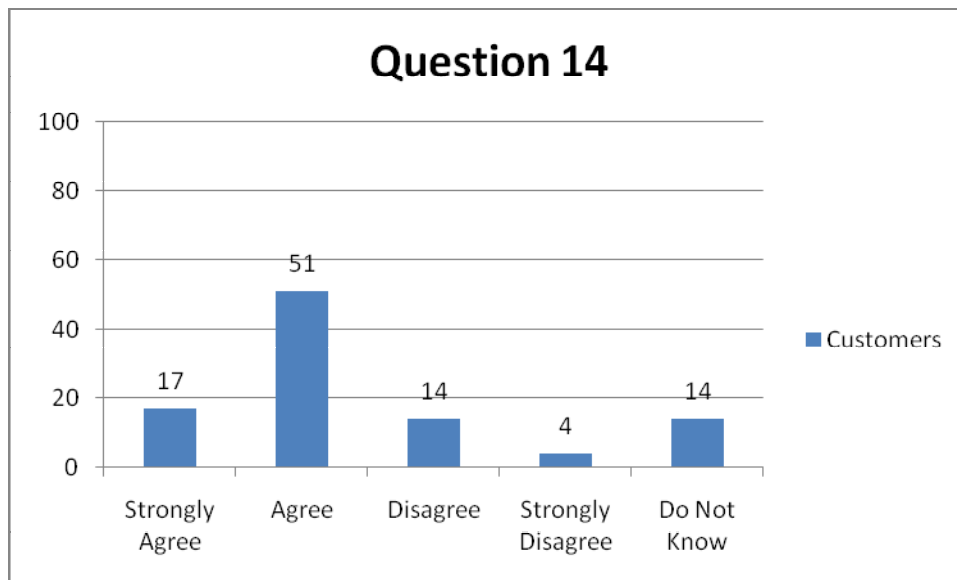
Graph 10: *Opinion about the price of non-food products.*



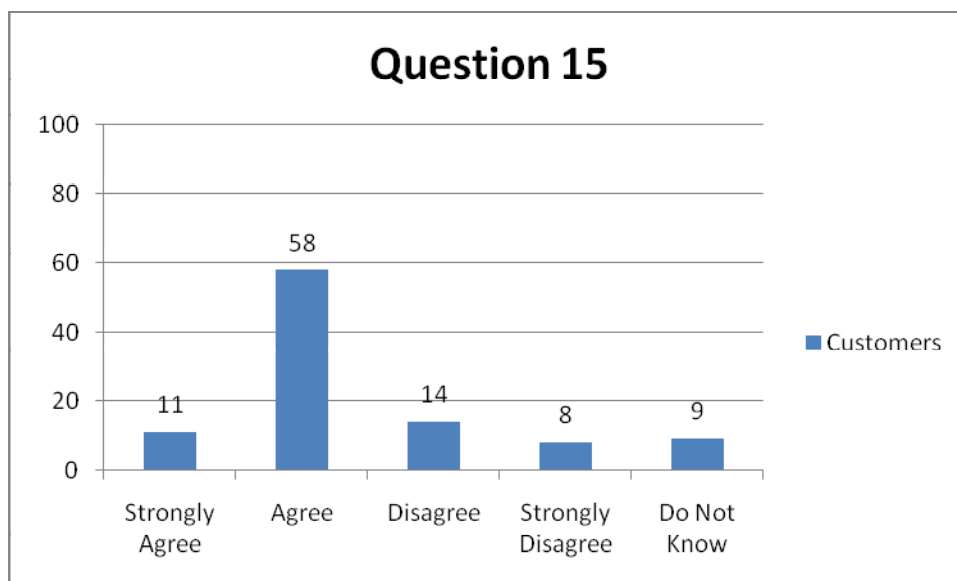
Graph 11: *Opinion about the quality of non-food products.*



Graph 13: *Customers idea about present price and quality of non-food.*



Graph 14: *Should company improve non-food quality at present prices.*



Graph 15: *Should company improve quality with increased prices.*

