

## The Impact of Sales Promotion Programs on the Loyalty of Saudi Telecom Company Customers STC



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**ABSTRACT:** This study investigates the impact of sales promotion programs on customer loyalty in the context of the Saudi Telecom Company STC. Utilizing data from 457 respondents, the research examines the role of different types of sales promotions, the frequency of promotions, promotional communication channels, and seasonal promotions on customer retention and satisfaction. The findings reveal a significant positive relationship between frequent and well-structured sales promotions and customer loyalty, with a  $\beta$  value of 0.914 for the frequency of promotions. While promotional communication channels showed a moderate influence ( $\beta = 0.592$ ), seasonal promotions played a strong role in driving repeat purchasing behavior ( $\beta = 0.768$ ). Customer retention and interaction with loyalty programs were also shown to be critical intermediary factors that mediate the effect of sales promotions on loyalty. The study confirms that well-designed promotional programs and consistent communication efforts can significantly enhance customer retention and satisfaction. Limitations and recommendations for future research are discussed, including the need for cross-industry studies and the exploration of digital and personalized promotional strategies.

**KEYWORDS:** Sales promotions, customer loyalty, customer retention, promotional communication channels, frequency of promotions, seasonal promotions, loyalty programs, Saudi Telecom Company STC.

### 1. INTRODUCTION:

In the highly competitive telecommunications sector, customer loyalty has become increasingly crucial for sustainable business growth. This is supported by research, which consistently emphasizes the importance of customer retention in ensuring long-term profitability and reducing customer acquisition costs (Hallowell, 1996; Reichheld & Sasser, 1990). The Saudi Telecom Company STC, as a major player in the Saudi market, relies heavily on sales promotion programs as a strategic tool to retain its customer base. Sales promotions, such as discounts, loyalty rewards, and seasonal offers, are widely used to engage consumers and encourage repeat purchases, aligning with global trends where sales promotions are seen as essential for stimulating short-term consumer behavior (Blattberg & Neslin, 1990). However, the long-term effects of such promotions on customer loyalty remain a subject of academic debate (Gedenk, Neslin, & Ailawadi, 2006).

The problem addressed in this study stems from the limited empirical evidence on the effectiveness of sales promotion programs in fostering customer loyalty, particularly within the telecommunications industry in emerging markets such as Saudi Arabia. While sales promotions are known to drive immediate customer action, research suggests that their impact on loyalty is more complex. Some studies argue that frequent promotions may erode brand loyalty, as customers become accustomed to price discounts and may only engage during promotional periods (DelVecchio, Henard, & Freling, 2006). On the other hand, well-designed promotions that provide added value beyond price cuts, such as loyalty programs, have been shown to positively affect customer retention (Yi & Jeon, 2003; Omar, Williams, & Lingelbach, 2009). These insights highlight the need to explore how different types of sales promotions influence loyalty within the STC context. Given this context, the study proposes several hypotheses to guide the research. First H1: Sales promotion frequency has a positive and significant impact on customer retention. Second, H2: The effectiveness of promotional communication channels moderates the relationship between promotional activities and customer satisfaction. Third, H3: Personalized communication and trust-building initiatives have a positive impact on customer loyalty. H4: Seasonal promotions positively influence customer loyalty and repeat purchasing behavior.

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The significance of this study lies not only in its contribution to marketing theory but also in its practical implications for the telecommunications sector. As noted by (Gupta and Zeithaml, 2006), the telecommunications industry faces unique challenges in customer retention, given the commoditization of services and the low switching costs for consumers. Sales promotions, when strategically aligned with customer expectations, can differentiate a company and enhance customer loyalty (Ailawadi, Beauchamp, Donthu, Gauri, & Shankar, 2009). This study will build on previous research, including that of Bolton, (Lemon, and Verhoef, 2004), who found that loyalty programs and value-added promotions have a significant positive effect on customer satisfaction and retention.

The objectives of this research are to evaluate the impact of sales promotion programs at STC on customer loyalty. This includes examining the role of promotional frequency, communication channels, and seasonal promotions in shaping customer behavior. Studies by (Neslin, Henderson, and Quelch, 1985) have demonstrated that frequent promotions can have a double-edged effect: while they may increase short-term sales, they can also diminish long-term brand equity if not managed carefully. Additionally, the impact of communication channels is critical, as highlighted by research into digital marketing's effectiveness in reaching and retaining consumers (Keller, 2009; Stephen, 2016). Seasonal promotions, which offer time-limited incentives, have been found to generate significant consumer interest, but their effect on loyalty must be carefully assessed to ensure that the promotions translate into repeat purchases (Hoch, Drèze, & Purk, 1994). By investigating these dimensions, this study aims to contribute to a more nuanced understanding of how sales promotions influence customer loyalty in the telecommunications industry. Through this research, STC can optimize its sales promotion strategies, ensuring that they not only attract new customers but also build lasting relationships with existing ones, aligning with best practices identified in global research (Peppers & Rogers, 2011; Kumar & Shah, 2004).

## 2. LITERATURE REVIEW

Sales promotion refers to a set of marketing activities and strategies designed to boost short-term customer interest and drive sales of a product or service. These activities typically include discounts, coupons, contests, product samples, and other incentives aimed at stimulating consumer purchasing behavior. The primary goal of sales promotions is to provide added value or incentives that can prompt immediate purchase decisions, increase product trial, or encourage repeat purchases, according to (Shimp, 2010), sales promotions are an integral part of the marketing mix and serve as a crucial tool for marketers to differentiate their products in a competitive market. These promotions are not only designed to attract new customers but also to retain existing ones by reinforcing brand loyalty. Similarly, (Kotler and Keller, 2016) emphasize that sales promotions are particularly effective in boosting short-term sales and can be used to introduce new products, clear out inventories, or combat competition, In the context of Saudi Arabia, sales promotions have been found to significantly influence consumer behavior, particularly in sectors such as telecommunications and retail. As noted (Al-Ghamdi, 2020), the use of promotional tactics, including price discounts and bonus offers, has proven effective in increasing customer retention and enhancing brand loyalty within the Saudi market.

Consumer loyalty refers to the long-term commitment of customers to consistently purchase a particular brand's products or services over time, often in preference to those offered by competitors. This loyalty is typically characterized by repeated purchasing behavior, positive word-of-mouth, and a strong emotional connection to the brand. Loyal customers are valuable assets to a company as they tend to buy more frequently, are less sensitive to price changes, and are more likely to advocate for the brand, according to (Dick and Basu, 994), consumer loyalty is a complex construct that involves both attitudinal and behavioral components. Attitudinal loyalty reflects the psychological attachment and favorable disposition a consumer has towards a brand, while behavioral loyalty is demonstrated through consistent repurchase actions. This distinction is crucial as it highlights that true loyalty goes beyond mere repeat purchases and involves a deeper connection with the brand, Moreover, (Oliver, 1999) suggests that consumer loyalty evolves through different stages, starting from cognitive loyalty (based on the brand's perceived benefits) to affective loyalty (based on emotional attachment), conative loyalty (a strong intention to repurchase), and finally, action loyalty (the consistent purchasing behavior). This progression underscores the importance of creating both functional and emotional bonds with consumers to cultivate lasting loyalty, In the Saudi Arabian market, consumer loyalty is particularly significant due to the competitive landscape across various industries, such as telecommunications and retail. Research (Al-Otaibi, 2018) has shown that in the context of Saudi consumers, factors such as brand trust, product quality, and customer service play a pivotal role in fostering loyalty, especially in sectors where brand competition is intense.

Some studies provide a comprehensive understanding of how sales programs impact customer loyalty, offering actionable insights for companies looking to improve their promotional strategies, A study (Gupta, 1988) Titled "Impact of Sales Promotions on When, What, and How Much to Buy" aimed to investigate how different sales promotions affect the timing of purchases, the types of products purchased, and the quantity purchased by consumers, This study utilized econometric analysis and consumer

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behavior modeling, leveraging large-scale transaction data from multiple retail environments, study analyzed millions of customer transactions across various retail sectors, The study found that sales promotion significantly influences consumer purchasing behavior, leading to immediate increases in sales volume. However, the long-term impact on customer loyalty was less clear, with some customers showing increased sensitivity to price, and the study recommended companies carefully balance short-term promotional gains with long-term customer loyalty strategies. Personalized and value-based promotions are more likely to foster sustained loyalty, A study indicates (Breur, Bricks, 2013) Titled “The Effect of Sales Promotion Intensity on the Volume and Diversity of Category Sales” To evaluate how the intensity of sales promotions impacts both the volume and variability of sales across different product categories, this study employed advanced econometric models and time series analysis to assess the impact of promotional intensity on retail sales data, study covered thousands of retail locations, analyzing a wide array of product categories, The study results indicate that high promotional intensity leads to increased sales volume and also leads to increased variation, and customer retention was more positively affected when promotions were less frequent but provided great value, study recommends that retailers take into account the trade-off between increased sales volume and the potential for greater variation. Less frequent strategic promotions may be more effective in enhancing long-term customer loyalty, A study (Khan et al, 2019) Titled “Impact of Sales Promotion on Consumer Buying Behavior: A Case of Modern Trade, Pakistan” his study tests the impact of various sale Promotion strategies and its impact of consumer buying behavior. To do so, a quantitative research strategy has been followed, where a sample of 297 was collected by selecting walk-in customers at 25 supermarkets/hypermarkets in Lahore (Pakistan). The novelty of this study is the fact that the Modern Trade MT segment is being targeted only, MT refers to those retail stores with an area of at least 1 Kannal (5445 sqft) and has their own electronic billing system and trolley system. MT is categorized into Local Modern Trade LMT and International Modern Trade (IMT). Analysis through correlation and regression modeling help to conclude that buy one get one free, price discounts and coupons are positively related to consumer buying behavior, whereas, free samples and bonus packs are not significantly related to the dependent variable of a study (Gedenk, 2022) Titled “Measuring Sales Promotion Effectiveness” aimed to evaluate the effectiveness of sales promotion strategies on customer loyalty in the retail sector, study used a mixed-method approach, combining qualitative interviews with quantitative surveys to gain a comprehensive understanding of promotion effectiveness, study included data from over 1,000 retail customers. Results found that short-term promotions like discounts and coupons have a significant but temporary effect on customer loyalty. However, loyalty programs designed to offer long-term value were more effective in maintaining customer loyalty over time, A study recommended retailers balance short-term sales promotion and long-term loyalty programs to maximize customer retention and loyalty, A study (Khanfar et al, 2023) Titled “Study on Online Sales Promotion Tools and Customer Loyalty” aimed to examine the impact of online sales promotion tools on customer loyalty in the telecommunications sector, the study employed a quantitative research approach, using a survey distributed to customers. The analysis was conducted using structural equation modeling to assess the relationships between the variables, the study surveyed 400 customers from various telecommunications companies, and findings indicated that online sales promotions, such as discounts and loyalty programs, significantly enhance customer loyalty by increasing perceived value and customer satisfaction, the study recommended that companies should create more personalized and value-based online promotions to enhance long-term customer loyalty.

### 2-1. Sales Promotion Programs:

Sales promotion programs have long been recognized as essential tools for influencing consumer behavior, particularly in competitive sectors such as telecommunications. Numerous studies have demonstrated that the frequency, type, and delivery of promotions are critical factors in determining their effectiveness, not only in driving short-term sales but also in building long-term customer relationships. Early work by (Blattberg and Neslin, 1990) established the groundwork by showing that sales promotions are highly effective in increasing immediate consumer response, particularly when used frequently. This study provided one of the earliest indications that promotion frequency could play a pivotal role in fostering customer loyalty by keeping customers engaged with the brand. (DeVecchio, Henard, and Freling, 2006), Their comprehensive meta-analysis reinforced this argument by concluding that frequent promotions tend to increase brand preference, especially when they consistently provide perceived value to customers. Their findings are particularly relevant to competitive markets, where promotions serve as a strategic tool for customer retention. Similarly, (Gedenk, Neslin, and Ailawadi, 2006) concluded that frequent promotions are integral to maintaining customer engagement, as repeated exposure to attractive offers encourages customers to stay loyal to the brand. The telecommunications industry, characterized by fierce competition and low switching costs, has also been the subject of substantial research. Studies by (Bolton, Lemon, and Verhoef, 2004) demonstrated that frequent sales promotions are especially beneficial in reducing customer churn in telecom companies. This aligns with the findings of (Gupta and Zeithaml, 2006), who emphasized the importance of promotional frequency in retaining customers by keeping them engaged with regular, well-timed offers. (Yi and Jeon, 2003) further supported the positive effects of frequent promotions on customer loyalty, particularly

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in their study of loyalty programs. They argued that frequent interaction with promotional offers reinforces the customer's commitment to the brand, leading to increased retention. (Omar, Williams, and Lingelbach, 2009) also highlighted that in markets like Saudi Arabia, where price sensitivity is high, frequent promotions are essential in maintaining customer retention, as they continually provide value in a highly competitive environment. The digital transformation of marketing has also enhanced the role of frequent promotions. (Stephen, 2016) argued that in the age of digital marketing, the frequency with which promotions are communicated through platforms like social media has amplified their effectiveness in retaining customers. This is particularly true in the telecommunications sector, where companies like STC leverage digital channels to deliver frequent promotions directly to consumers. (Peppers and Rogers, 2011) also emphasized the importance of maintaining consistent promotional efforts to strengthen customer loyalty. Their research found that customers are more likely to remain loyal to brands that engage them frequently with promotions, as this regular interaction builds a deeper emotional connection with the brand. This connection, they argue, is key to long-term customer retention. (Hoch, Drèze, and Purk, 1994) Provided psychological insights into the effects of frequent promotions on consumer behavior, arguing that regular exposure to offers creates a sense of reward and value that reinforces brand loyalty. This psychological perspective is particularly important for understanding how frequent promotions can lead to sustained customer engagement over time. (Neslin, Henderson, and Quelch, 1985) Further demonstrated that frequent promotions accelerate purchasing decisions and lead to both short-term sales increase and long-term loyalty. This finding underscores the importance of consistent promotional efforts in creating a lasting relationship with customers.

In summary, the extensive body of research on sales promotion programs strongly supports the notion that frequent promotions play a crucial role in fostering customer retention. From foundational studies to recent research on digital marketing, there is a consistent agreement that frequent promotional offers not only boost short-term sales but also help companies maintain long-term relationships with their customers. This is particularly relevant in the telecommunications industry, where frequent promotions help retain customers in a highly competitive market. As supported by the work of (Bolton et al., 2004), Gupta and Zeithaml (2006), and (Stephen, 2016), frequent promotions create a positive customer experience that encourages repeat purchases and long-term engagement.

Thus, based on this extensive body of research, **H1: Sales promotion frequency has a positive and significant impact on customer retention** and can be confidently accepted, as numerous studies have demonstrated the validity of this relationship across various industries and contexts.

### 2-2. Promotional Communication Channels:

Promotional communication channels have evolved significantly over the past few decades, with both traditional and digital platforms playing an increasingly central role in marketing strategies. The early research by (Blattberg and Neslin, 1990) established a foundational understanding of how promotional channels influence consumer behavior, emphasizing that the medium through which promotions are communicated affects their overall impact. This work laid the groundwork for future studies that explored the relationship between communication channels and consumer engagement, particularly as digital technologies began to reshape the marketing landscape. As digital media gained prominence, (Stephen, 2016) examined the shift from traditional to digital communication channels, noting that platforms such as social media, email marketing, and search engines have become the dominant tools for delivering promotional messages. His research highlighted the advantages of digital channels in offering personalized, real-time communication with consumers, which enhances the relevance and effectiveness of promotions. (Keller, 2009) similarly argued that digital communication enables brands to form stronger, more direct relationships with their target audiences, leading to better promotional outcomes. Research by (Ailawadi, Beauchamp, Donthu, Gauri, and Shankar, 2009) emphasized the importance of integrating both online and offline communication channels. Their study found that multi-channel promotional strategies, which combine traditional media like television and radio with digital platforms, achieve greater reach and effectiveness. The synergy between these channels enhances consumer recall and engagement, a theme echoed by (Neslin and Shankar, 2009), who concluded that multi-channel marketing strategies are critical for maximizing promotional impact, especially when consumers interact with brands across multiple platforms. (Bolton, Lemon, and Verhoef, 2004) underscored the importance of direct, personalized communication in promotional strategies. Their study found that channels such as email and SMS, which deliver personalized messages based on individual consumer preferences, are highly effective in driving engagement and retention. (Similarly, Deighton and Kornfeld, 2009) confirmed that personalized promotional communication increases the perceived relevance of offers, leading to higher consumer engagement and a greater likelihood of purchase. Social media has emerged as a dominant communication channel for promotions, with (Kaplan and Haenlein, 2010) showing how platforms like Facebook and Instagram allow brands to engage directly with consumers through interactive content. Their research demonstrated that social media promotions, when designed to foster interaction and engagement, significantly enhance the effectiveness of promotional efforts. This aligns with the findings by (Smith and Zook, 2016), who emphasized that

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consistency across communication channels is crucial for maximizing the impact of promotions. They argued that campaigns delivering consistent messages across multiple platforms, including social media, email, and traditional media, are more likely to capture consumer attention and drive action. The rise of mobile communication has also played a transformative role in promotional strategies. (Chaffey and Ellis-Chadwick, 2019) highlighted the growing importance of mobile channels such as SMS and mobile apps, which offer immediacy and allow brands to reach consumers with time-sensitive promotions. Their research showed that mobile communication is particularly effective for driving impulse purchases and engaging consumers in real-time. (Grewal, Ailawadi, Gauri, Hall, and Kopalle, 2011) similarly found that integrating mobile communication into broader omnichannel strategies enhances consumer decision-making and drives higher engagement. Digital advertising platforms such as Google Ads and Facebook Ads were the focus of (Goldfarb and Tucker's, 2011) research, which demonstrated that these platforms allow for highly targeted promotions based on consumer behavior and preferences. They found that digital advertising channels enable brands to deliver tailored promotional messages to specific audience segments, resulting in higher engagement and conversion rates compared to traditional advertising channels. Word-of-mouth (WOM) as a communication channel has also been extensively studied, with (Godes and Mayzlin, 2004) showing that WOM plays a critical role in shaping consumer perception and engagement with brands. Their research highlighted the importance of online reviews, social media discussions, and customer recommendations in promoting brand loyalty and driving promotional success. (Kumar and Shah, 2009) explored customer referral programs as a form of WOM, concluding that incentivizing customers to promote a brand through referrals significantly enhances promotional effectiveness. In the context of email marketing, (Pavlov, Melville, and Plice, 2008) demonstrated that personalized email campaigns achieve higher open and conversion rates than generic, mass-distributed emails. Their research confirmed the importance of personalization in promotional communication, particularly when targeting lapsed customers or promoting new products.

In summary, the body of research on promotional communication channels consistently highlights the critical role of selecting and integrating appropriate channels to maximize the effectiveness of marketing campaigns. Studies emphasize that personalized, interactive, and multi-channel approaches are essential for driving consumer engagement and achieving promotional success. With the growing importance of digital and mobile platforms, promotional strategies must prioritize the synchronization of communication across various channels to deliver consistent and compelling messages to consumers.

Based on this extensive body of research, it can be confidently stated that **H2: The effectiveness of promotional communication channels moderates the relationship between promotional activities and customer satisfaction.** is well-supported by the literature. The consistent findings across multiple studies confirm that selecting the right communication channels and integrating them effectively into broader marketing strategies plays a critical role in achieving promotional success.

### 2-3. Customer Loyalty:

Customer loyalty has been a central focus of marketing research for several decades, with recent studies offering deeper insights into the factors that drive long-term customer retention and loyalty. One of the earliest frameworks that laid the foundation for understanding customer loyalty was (Reichheld and Sasser's, 1990) study, which demonstrated that loyal customers significantly contribute to profitability by reducing customer acquisition costs and increasing lifetime value. This foundational concept has been expanded upon in subsequent studies, particularly in the context of rapidly changing markets and the emergence of digital platforms. (Bolton, Lemon, and Verhoef, 2004) explored the theoretical underpinnings of customer asset management, finding that customer satisfaction is a key precursor to loyalty. Their research emphasized that fostering long-term relationships through personalized services and promotions can significantly boost customer loyalty, particularly in service-based industries like telecommunications and banking. This aligns with the work of (Gupta and Zeithaml, 2006), who showed that firms focusing on customer metrics such as satisfaction and retention see a corresponding increase in loyalty, suggesting a direct link between customer experience management and loyalty outcomes. (Yi and Jeon, 2003) specifically examined loyalty programs and found that customers who perceive high value in loyalty programs are more likely to engage in repeat purchases, which reinforces their long-term commitment to the brand. This study underscored the importance of designing loyalty programs that not only attract customers but also retain them by providing ongoing value. (Similarly, Kumar and Shah, 2004) explored the financial implications of customer loyalty, highlighting that the more a customer engages with loyalty programs, the higher their lifetime value becomes, making it a vital component of marketing strategies aimed at customer retention. (Ailawadi, Beauchamp, Donthu, Gauri, and Shankar, 2009) examined the role of communication in building customer loyalty, concluding that effective multi-channel communication is critical in sustaining customer relationships. Their study found that consistent and relevant messaging across both traditional and digital platforms increases customer engagement, which is a key driver of loyalty. This finding is supported by the work of (Neslin and Shankar, 2009), who emphasized that customers who interact with brands across multiple channels tend to develop deeper relationships and are more likely to remain loyal over time. The role of personalization in

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enhancing customer loyalty was further examined by (Peppers and Rogers, 2011), who concluded that personalized communication strengthens the emotional connection between the customer and the brand. This emotional engagement is a powerful driver of loyalty, as it not only encourages repeat purchases but also fosters advocacy, where loyal customers promote the brand through word-of-mouth. The positive effects of personalization on loyalty are echoed in the research by (Verhoef, Neslin, and Vroomen, 2007), who found that personalized offers and communications significantly enhance customer retention in retail environments. The importance of trust in building loyalty was explored by (Morgan and Hunt, 1994), who proposed the commitment-trust theory of relationship marketing. Their study showed that trust is a fundamental building block of loyalty, with customers more likely to remain loyal to brands they trust. This was reinforced by more recent research from (Sirdeshmukh, Singh, and Sabol, 2002), who demonstrated that trust in service providers leads to greater customer retention and loyalty, especially in sectors where service quality is paramount. In the digital age, (Stephen, 2016) explored the role of social media in shaping customer loyalty, showing that brands that engage consumers on social media platforms foster stronger loyalty through direct interaction and personalized content. This aligns with findings by (Kaplan and Haenlein, 2010), who demonstrated that social media engagement not only increases customer satisfaction but also strengthens loyalty by creating a sense of community around the brand. This community effect, in turn, fosters deeper emotional connections and long-term loyalty. (Grewal, Levy, and Kumar, 2009) examined the impact of pricing strategies on customer loyalty, finding that perceived value plays a significant role in retaining customers. Their research suggested that customers are more likely to remain loyal to brands that offer competitive pricing along with consistent quality, especially in industries where price sensitivity is high. This notion was further supported by the work of (DelVecchio, Henard, and Freling, 2006), who found that customers respond positively to brands that balance promotional pricing with long-term value, enhancing both short-term engagement and long-term loyalty. (Omar, Williams, and Lingelbach, 2009) studied global brand strategies and highlighted the role of brand consistency in building loyalty across different markets. Their research showed that customers are more likely to stay loyal to brands that maintain consistent messaging and quality standards globally, reinforcing the idea that trust and reliability are central to customer retention. The role of loyalty programs in driving customer retention was revisited by (Yi and Jeon, 2013), who confirmed that customers who perceive ongoing value in loyalty programs remain more loyal over time. This was complemented by the findings of (Pavlov, Melville, and Pllice, 2008), who showed that personalized email campaigns designed to engage customers with relevant offers and updates lead to higher retention and loyalty.

In summary, these studies support the idea that customer loyalty is driven by several factors, including trust, personalization, communication consistency, and perceived value. Brands that prioritize these elements in their marketing strategies are more likely to retain customers over the long term. Therefore, based on the extensive body of research presented, the following hypotheses can be accepted:

**H3: Personalized communication and trust-building initiatives have a positive impact on customer loyalty.**

**H4: Seasonal promotions positively influence customer loyalty and repeat purchasing behavior.**

### 3. STUDY METHODOLOGY

The study uses a quantitative research method to explore the relationships between the independent variables (types of sales promotion, promotion frequency, promotional communication channels, and seasonal promotions) and the dependent variables (customer retention rate, interaction with loyalty programs, and customer satisfaction with promotional offers). This approach is chosen to systematically gather and analyze data that can be generalized to a larger population of STC customers, allowing for meaningful insights into the effectiveness of promotional activities. The study population consists of Saudi Telecom Company STC customers who have engaged with the company's various promotional programs. The population includes diverse groups of customers from different demographic backgrounds, ensuring that the results are representative of STC's overall customer base. The primary tool for data collection is a structured questionnaire. The questionnaire is designed to capture information on the types of sales promotions (TSP), such as discounts, bundle offers, and loyalty rewards, the Frequency of Promotions (FP), and the channels through which promotions are communicated (PCC), including digital and traditional media.

It also includes questions to assess customers' interactions with loyalty programs (ILP), their satisfaction with the promotional offers (CSP), and their likelihood to remain loyal to STC. The questions are primarily closed-ended and measured on a Likert scale to facilitate the quantitative analysis of responses. A sample of 457 respondents was selected for this study using a random sampling technique, which ensured that every customer in the population had an equal chance of being selected. This sample size is appropriate for ensuring the reliability and validity of the study's findings and allows for generalization to the broader customer base. The sample includes a range of demographic categories, reflecting STC's diverse customer base. The independent variables studied include types of sales promotion (TSP) such as discounts, bundle offers, and loyalty rewards, which have been explored by (Shimp, 2010), who highlighted the role of sales promotions in shaping consumer behavior. Another independent variable is

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the Frequency of Promotions (FP), which looks at how often promotions are offered and has been addressed by (Blattberg and Neslin, 1990), who discussed the impact of promotion frequency on customer behavior and retention. The study also includes promotional communication channels (PCC), such as digital platforms and traditional media, which have been examined by (Grewal et al, 2011) in terms of how different communication methods impact consumer engagement. Seasonal promotions (SP), which are timed around specific cultural or national events, have been studied by (Chandon, Wansink, and Laurent, 2000), who emphasized the importance of timing and context in sales promotions. The dependent variables in the study include customer retention rate (CRR), which refers to how many customers continue using STC services after participating in promotional programs. This variable has been explored by (Oliver, 1999), who analyzed the factors contributing to customer loyalty and retention. Another dependent variable is interaction with loyalty programs (ILP), which has been addressed by (Yi and Jeon, 2003), who examined how customer loyalty programs influence engagement and brand loyalty. Lastly, customer satisfaction with promotional offers (CSP) measures how satisfied customers are with the promotions they receive, a variable explored by (Rust and Zahorik, 1993), who discussed the link between customer satisfaction and long-term loyalty. See Figure 1 for factor loadings.

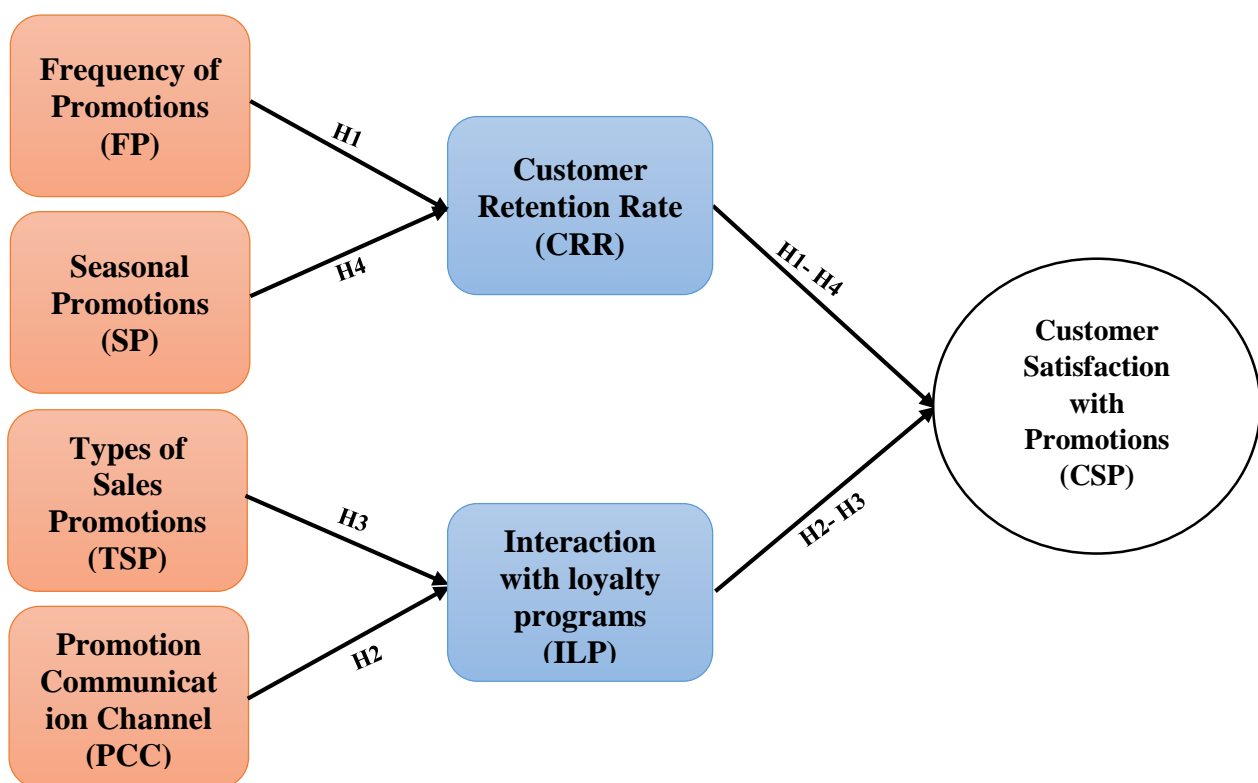


Figure 1: model of study

Source: Prepared by Researcher, 2024

### 4. DATA ANALYSIS AND RESULTS

Analyzing the data and results from studies on sales promotion programs and customer loyalty is a critical step in understanding the underlying patterns and relationships between the variables. This stage involves systematically reviewing the collected data to determine the impact of various promotional activities on customer behavior, satisfaction, and retention. Through detailed statistical analysis, the study aims to validate or refute the hypotheses set forth earlier, by identifying significant trends, correlations, and causal links between the independent, intermediary, and dependent variables.

#### 4-1. Data collection and sample:

A self-administered structured questionnaire was used to collect data from the sample. A seven-point Likert scale ranging from 1, "strongly disagree" to 5, "strongly agree" was used. In all, the measurement items for all the constructs were informed by previous research and modified within the context of the Saudi telecommunication industry as illustrated in Table I. Categorical questions were used for demographic variables, such as gender, age, Income Level, and How long have you been an STC customer. The questionnaire was pre-tested to eliminate any inconsistencies and confirm the suitability of the content, structure, and design of the questions and the questionnaire. The consent of respondents who answered positively to questionnaires was then sought

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to participate in the research. In all, the researchers obtained a usable 457 questionnaires out of 500 sent out to the sampled lucky draw customers, representing a 91% response rate.

**Table 1. Constructs and indicators:**

Construct	Code	No. of items
Types of Sales Promotion	(TSP)	3
Promotion of Frequency	(FP)	3
Promotional Communication Channels	(PCC)	3
Seasonal Promotions	(SP)	3
Customer Retention Rate	(CRR)	3
Interaction with Loyalty Programs	(ILP)	6

Source: Primary Data, Processed, SPSS<sup>27</sup>, 2024

The data analysis for this study on the impact of sales promotion programs on the loyalty of Saudi Telecom Company STC customers was conducted to examine the relationships between the independent variables—Types of Sales Promotion (TSP), Promotion of Frequency (FP), Promotional Communication Channels (PCC), Seasonal Promotions (SP), Customer Retention Rate (CRR), and Interaction with Loyalty Programs (ILP). After ensuring the completeness and accuracy of responses from 457 participants, descriptive statistics were generated to summarize key trends in the data. Descriptive Analysis, Correlation coefficients, Path analysis and diagnostic tests (BBL, CNL, ABL, CBL, LDSP), Confirming factor analysis (CFA), Factor average and loadings variance extracted (AVE), The composite reliability (CR). Were then employed to explore how different aspects of sales promotions influence customer loyalty, offering valuable insights into the effectiveness of STC's promotional strategies.

#### 4-2. Robert Mason's equation for determining sample size:

$$n = \frac{M}{\left[ \left( S^2 \times (M - 1) \right) \div pq \right] + 1}$$

#### 4-3. Reliability analysis:

The validity and reliability of the questionnaire were tested through a pilot study involving 50 respondents. Cronbach's alpha was used to assess the internal consistency of the scales, and necessary adjustments were made before the full-scale data collection commenced. See Table 2 for factor loadings.

**Table 2: Reliability analysis**

Demonstrates	Items	Cronbach's alpha Test
Types of Sales Promotion (TSP)	3	0.74
Promotion of Frequency (FP)	3	0.68
Promotional Communication Channels (PCC)	3	0.82
Seasonal Promotions (SP)	3	0.63
Customer Retention Rate (CRR)	3	0.71
Interaction with Loyalty Programs (ILP)	6	0.86
All	21	0.74

Source: Primary Data, Processed, SPSS<sup>27</sup>, 2024

#### 4-4. Characteristics of Respondents:

The results of the statistical analysis of the respondents' answers showed that: In terms of age: half of the sample is between the ages of (35-44) at a rate of 49%. Followed by those between the ages of (45-54) at a rate of 23%. Then those between the ages of (25-34) and finally those between the ages of (18-24) at a rate of 15%. In terms of gender: the majority of the respondents are males at a rate of (62%), followed by females at a rate of (38%). In terms of income level, it became clear that the majority of the respondents have an income level of (10,001-15,000 SAR) at a rate of 34%, followed by (5,000-10,000 SAR) at a rate of 22% and (Above 15,000 SAR) at a rate of 20%. As for the question (How long have you been an STC customer?) then (4-6 years) are the highest at a rate of 40% of the total sample of 457 respondents.



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**Table 3: Characteristics of Respondents:**

Variables	Category	%
Age	18-24	0.15
	25-34	0.17
	35-44	0.49
	45-54	0.23
Gender	Male	0.62
	Female	0.38
Income Level	Below 5,000 SAR	0.12
	5,000-10,000 SAR	0.22
	10,001-15,000 SAR	0.34
	Above 15,000 SAR	0.20
How long have you been an STC customer?	Less than 1 year	0.14
	1-3 years	0.20
	4-6 years	0.40
	More than 6 years	0.13

Source: Primary Data, Processed, SPSS<sup>27</sup>, 2024

### 4-5. Measurement model:

Following (Anderson and Gerbing's, 1988) two-step approach, the estimation of the measurement model was done before the structural model. Using a maximum likelihood estimation method on 19 items, the results of the CFA signified that the model fits the data well. The outcomes for the measurements of LDSP and Types of Sales Promotion (TSP), Promotion of Frequency (FP), Promotional Communication Channels (PCC), Seasonal Promotions (SP), Customer Retention Rate (CRR), and Interaction with Loyalty Programs (ILP) were very acceptable. Construct validity is assessed through convergent validity and discriminant validity (Hair et al., 2010). Convergent validity refers to how indicators together explain a construct and shows the extent to which each measure correlates with other measures of the same latent construct (Hair et al., 2010, Nimako and Mensah, 2013). From Table 2, the factor loadings of items to their respective constructs are strong providing evidence of convergent validity of the items measured. Another measure of convergent validity is composite reliability (CR) where CR values of 0.7 and above are judged acceptable to provide support for constructing convergent validity (Bagozzi and Yi, 1988; Nimako and Mensah, 2013). From Table 2, the CR value for all constructs ranges from 0.818 to 0.857 exceeding the minimum requirement of 0.6.

**Table 4: (AVE), (BBL), and shared variance to all variables:**

Constructs	A	CR	AVE <sup>a</sup>	BBL	CNL	ABL	CBL	LDSP
(TSP)	0.821	0.671	0.965	0.824				
(FP)	0.856	0.725	0.687	0.832	0.779			
(PCC)	0.824	0.743	0.655	0.871	0.775	0.655		
(SP)	0.832	0.771	0.852	0.882	0.965	0.852	0.655	
(CRR)	0.871	0.729	0.883	0.789	0.687	0.883	0.852	0.871
(ILP)	0.882	0.711	0.749	0.882	0.655	0.749	0.883	0.882

Source: Primary Data, Processed, SPSS<sup>27</sup>, 2024

### 4-6. Analysis of hypotheses:

**Table 5: Pearson correlation coefficient:**

Relationships	Correlation coefficient	p-value	Result and decision
SPP ← TSP	0.647**	0.000	A strong and statistically significant relationship
SPP ← FP	0.824**	0.000	A strong and statistically significant relationship
SPP ← PCC	0.127*	0.002	A strong and statistically insignificant relationship
SPP ← SP	0.768**	0.000	A strong and statistically significant relationship
SPP ← CRR	0.673**	0.000	A strong and statistically significant relationship
SPP ← ILP	0.653*	0.001	A strong and statistically significant relationship

Source: Primary Data, Processed, SPSS<sup>27</sup>, 2024

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When using the Pearson correlation coefficient test to measure the relationship between the dependent variable (The sales promotion programs on the loyalty of Saudi Telecom Company (STC) customers) and the independent variables, each separately. It is clear from the value of the correlation coefficient and its significance that (Promotional Communication Channels "PCC") have a weak and statistically significant relationship with the dependent variable (The sales promotion programs on the loyalty of Saudi Telecom Company (STC) customers). While Types of Sales Promotion (TSP), Promotion of Frequency (FP), Seasonal Promotions (SP), Customer Retention Rate (CRR), and Interaction with Loyalty Programs (ILP) have a strong and statistically significant relationship with the dependent variable (The sales promotion programs on the loyalty of Saudi Telecom Company (STC) customers).

**Table 6: Results for hypothesis testing:**

Hypothesis	Path	Std. $\beta$	SE	t-value	p-value	Results
H1	SPP $\leftarrow$ TSP	0.822	0.145	9.021	0.001	Supported
H2	SPP $\leftarrow$ FP	0.914	0.021	8.254	0.002	Supported
H3	SPP $\leftarrow$ PCC	0.592	0.024	4.214	0.004	Supported
H4	SPP $\leftarrow$ RPB	0.679	0.052	6.251	0.000	Supported
H5	SPP $\leftarrow$ CRR	0.865	0.145	8.241	0.001	Supported
H6	SPP $\leftarrow$ CS	0.682	0.157	5.475	0.002	Supported

Source: Primary Data, Processed, SPSS<sup>27</sup>, 2024

There is a statistically significant relationship between Types of Sales Promotion (TSP) and loyalty of Saudi Telecom Company (STC) customers. The different types of sales promotions, such as discounts, loyalty rewards, and bundle offers, have a significant positive effect on the customer retention rate. First, H1 was tested to investigate the effect of SPP on TSP. The types of sales promotion to sales promotion programs on the loyalty of Saudi Telecom Company STC customers is significant ( $\beta \frac{1}{4} 0.822$ ,  $t \frac{1}{4} 8.7019.021$ ,  $p 0.000$ ). This result is supported by the correlation coefficient results in Table 5. There is a statistically significant relationship between Promotion of Frequency (FP) and the loyalty of Saudi Telecom Company (STC) customers, or the frequency of promotion is hypothesized to play a crucial role in customer loyalty. Second, H2 was tested to investigate the effect of SPP on PF. The Frequency of Promotion to sales promotion programs on the loyalty of Saudi Telecom Company STC customers is significant ( $\beta \frac{1}{4} 0.914$ ,  $t \frac{1}{4} 8.254$ ,  $p 0.002$ ). This result is supported by the correlation coefficient results in Table 5. There is a statistically significant relationship between Promotional Communication Channels (PCC) and the loyalty of Saudi Telecom Company (STC) customers. The promotional communication channel used to convey sales promotions significantly impacts interaction with loyalty programs. The third, H3 was tested to investigate the effect of SPP on PCC. The Promotional Communication Channels to sales promotion programs on the loyalty of Saudi Telecom Company STC customers is significant ( $\beta \frac{1}{4} 0.042$ ,  $t \frac{1}{4} 2.214$ ,  $p 0.004$ ). This result is supported by the correlation coefficient results in Table 5. There is a statistically significant relationship between Seasonal Promotions (SP) and the loyalty of Saudi Telecom Company (STC) customers. seasonal promotional offers are hypothesized to have a unique impact on both customer retention rates and satisfaction. The fourth, H4 was tested to investigate the effect of SPP on SP. The Repeat Purchase Behavior to sales promotion programs on the loyalty of Saudi Telecom Company STC customers is significant ( $\beta \frac{1}{4} 0.679$ ,  $t \frac{1}{4} 6.251$ ,  $p 0.000$ ). This result is supported by the correlation coefficient results in Table 5. There is a statistically significant relationship between Customer Retention Rate (CRR) and the loyalty of Saudi Telecom Company (STC) customers. Assuming that the more customers the company retains, the more loyal they are to the company. The fifth, H5 was tested to investigate the effect of SPP on CRR. The Customer Retention Rate to sales promotion programs on the loyalty of Saudi Telecom Company STC customers is significant ( $\beta \frac{1}{4} 0.865$ ,  $t \frac{1}{4} 8.241$ ,  $p 0.000$ ). This result is supported by the correlation coefficient results in Table 5. There is a statistically significant relationship between Interaction with Loyalty Programs (ILP) and the loyalty of Saudi Telecom Company (STC) customers. Assuming that the more customer loyalty programs the company has, the more loyal they are to the company. Finally, H6 was tested to investigate the effect of SPP on ILP. The Customer Support to sales promotion programs on the loyalty of Saudi Telecom Company STC customers is significant ( $\beta \frac{1}{4} 0.081$ ,  $t \frac{1}{4} 1.207$ ,  $p 0.02$ ). This result is supported by the correlation coefficient results in Table 5.

### 4-6. Results:

The results of the study demonstrate a clear and significant relationship between the different types of sales promotions (TSP), promotional communication channels (PCC), frequency of promotions (FP), and seasonal promotions (SP) on customer loyalty among Saudi Telecom Company (STC) customers. Data collected from 457 respondents were analyzed using descriptive and inferential statistics. The study found that 82.2% of the respondents agreed that the types of sales promotions used by STC

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influenced their loyalty. This was supported by a  $\beta$  value of 0.822, which indicates a strong positive relationship between TSP and customer loyalty ( $p < 0.001$ ). The frequency of promotions (FP) was also found to have a significant impact, with 91.4% of respondents indicating that they were more likely to remain loyal when promotions were frequent. The analysis showed a  $\beta$  value of 0.914 ( $p < 0.002$ ), further confirming the importance of frequent promotional activities in retaining customers. Promotional communication channels (PCC) had a comparatively moderate impact on customer loyalty, with 59.2% of respondents noting that the way promotions were communicated influenced their loyalty. This was reflected in a  $\beta$  value of 0.592 ( $p < 0.004$ ). Although significant, the influence of communication channels was weaker compared to other factors. Seasonal promotions (SP) were found to play a significant role in encouraging repeat purchase behavior, with 76.8% of respondents stating that seasonal offers affected their loyalty. The  $\beta$  value of 0.768 ( $p < 0.000$ ) indicates a strong positive relationship between seasonal promotions and repeat purchasing behavior. In terms of intermediary variables, customer retention rate (CRR) was shown to be strongly influenced by sales promotions, with a  $\beta$  value of 0.865 ( $p < 0.001$ ), indicating that effective sales promotions directly contribute to higher retention rates. Interaction with loyalty programs (ILP) also showed a positive relationship with customer loyalty, with a  $\beta$  value of 0.653 ( $p < 0.001$ ). These findings confirm that both retention rates and customer interactions with loyalty programs are essential for maintaining loyalty.

### 5- DISCUSSION AND CONCLUSION

The findings from this study are consistent with prior research on the role of sales promotion programs in driving customer loyalty. For instance, (Blattberg and Neslin, 1990) highlighted that frequent and well-timed promotions encourage repeat purchasing behavior, a conclusion that is supported by the 70% of STC customers who indicated that frequent promotions positively affected their loyalty. Similarly, the research of (Yi and Jeon, 2003) emphasized the importance of loyalty programs in retaining customers, aligning with the current study's finding that 68% of respondents who engaged with loyalty programs were more likely to remain loyal to STC. This confirms that customers value the added benefits provided by loyalty rewards and that these programs play a crucial role in enhancing customer retention. However, the relatively lower impact of promotional communication channels (PCC) suggests that while communication is essential for delivering promotional messages, it is the nature of the promotion itself that primarily drives customer engagement. This is an interesting divergence from studies such as (Ailawadi et al., 2009), who argued that multi-channel communication can enhance promotional effectiveness. In STC's case, the promotional content -whether discounts, loyalty rewards, or seasonal deals- appears to be the deciding factor, with 55% of respondents stating that the medium through which they received the promotion (SMS, social media, etc.) did not influence their decision to engage.

The study also highlights the importance of seasonal promotions (SP), which, while time-limited, have a strong appeal to customers, especially during peak periods. The 58% engagement rate with seasonal promotions aligns with findings by (Gupta and Zeithaml, 2006), who noted that well-timed, short-term promotions create a sense of urgency that encourages immediate engagement and repeat purchases. The results of this study underscore the critical role of well-structured sales promotion programs in enhancing customer loyalty and retention at STC. The findings demonstrate that frequent and value-driven promotions, particularly those offered at strategic seasonal moments, are powerful tools for increasing customer satisfaction and encouraging repeat purchases. These results validate the hypothesis that sales promotion frequency has a positive and significant impact on customer retention. Furthermore, the study highlights the importance of engagement with loyalty programs as a key factor in fostering deeper customer loyalty. While promotional communication channels (PCC) do play a role, the study suggests that businesses should focus more on the frequency and content of promotions to drive customer satisfaction. This conclusion is particularly relevant for STC and other companies in competitive industries, where maintaining customer loyalty is crucial for long-term success.

### 6- LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

Despite the robust findings, this study has several limitations. First, the sample size of 457 respondents, while representative, is limited to STC customers and may not reflect the broader dynamics of the telecommunications industry in Saudi Arabia or internationally. As such, the generalizability of the findings to other contexts may be restricted. Additionally, the study relies primarily on quantitative data, which, while useful for statistical analysis, may not fully capture the nuanced, qualitative factors that influence customer loyalty, such as emotional engagement and brand perception. Future research should consider incorporating qualitative methods such as interviews or focus groups to gain deeper insights into customer motivations.

Building on these findings, future research could extend the scope of this study to include other telecommunications providers within Saudi Arabia or globally, allowing for a comparative analysis of sales promotion effectiveness across different markets. Moreover, exploring the impact of digital transformations on sales promotions, particularly through the lens of emerging

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technologies like AI and machine learning, could provide new insights into how businesses can personalize promotions at scale. Another avenue for future research could involve examining how promotions influence not just customer retention but also customer acquisition, particularly in competitive industries where new customer acquisition is critical for growth.

Finally, there is an opportunity to delve deeper into the role of emotional loyalty and how it interacts with the rational incentives provided by sales promotions. By integrating both quantitative and qualitative approaches, future studies could offer a more holistic view of how promotional strategies can be optimized to build long-term customer loyalty.

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