

MARKETING PROGRAMS AS REVENUE DRIVERS FOR RETAIL COMPANIES

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ABSTRACT

The subject of revenue drivers is an important topics in managerial accounting research. Retailers use many marketing programs to attract and retain customers, including discount systems and points programs. They use these programs flexibly, sometimes simultaneously, according to the demands of the situation, hence we believe that retailers use these programs as revenue drivers. Although marketing costs represent significant component of cost structure, it is difficult to evaluate the cost-benefit of a promotion. In addition, the effects of marketing programs on retailer's performance because of changes in customer behavior needs to be elucidated. To better understand these unapparent causal relationships, we examine how marketing programs drive customer behavior and whether the effects are different from those intended by retailers in a program's design stage. Using a questionnaire survey of the Japanese retail industry, we demonstrate how points programs and discount systems, which are types of marketing promotions, increase customers' spending and continuity of transactions with the retailer. We find that discount systems have a stronger effect on the sales of specific products. Second, we find that the characteristics of marketing promotions have a positive impact on both spending and the continuity of transactions: points programs improve the frequency of visits to stores and discount systems are useful for the promotions of sales of specific items. Our findings provide new insight into future research toward revenue drivers, which will play a significant part in research into the measurement of marketing strategy performance.

Keywords: *revenue driver, discount systems, points programs, customer behavior*