Literature Review

Customer Loyalty

**Mellroy & Barnett, 2000**
In reality, loyalty should be explained as a customer commitment to do dealing with a particular, firm, buying their products and services and referring it to colleagues.

**Bodet, 2008**
Customer loyalty is the focus in the research and It turn into an important concern for management only due to concentrated competition especially in service industry.

**Young, 2012**
Customer loyalty is perceived as future intention-to-repurchase or commitment that reflects the cognitive and emotional attachment associated with customer loyalty.

**Rauyruen & Miller, 2007**
Firms can maximize level of profitability by providing safe and sound products and services to their loyal customers.

**Bozkurt, 2000**
Whether enterprises can make their current customers loyal depends on whether they can manage the customer relationships well. As customers have grown to be more conscious consumers, enterprises have had to pay the prices of the errors and faults they do in customer relationships. The most important quality of the 1990s is that customers revealed their power then. They realized that they themselves had something to say and have they listened to. The firms, then, understood that they had to listen to their customers so as to be able to sustain their presence in the market.

**Lin & Wang, 2006**
In emerging business, customer loyalty plays very crucial role for achieving the competitive advantages.

**GuillÈn, Nielsen, Scheike & MarÌn, 2011**
By tradition, customer loyalty is divided into two components one is based on behaviour and the other is based on attitudes.

**Khan, 2012**

Customer loyalty is the willingness of a consumer to purchase the same product and keep the same profitable relationship with a particular company. In other words, it the continuous buying of a consumer for a particular company brand and suggesting to other friends and family. There must be something attractive in a brand which keeps a customer to buy that product over period of time without preferring ant other competitor brand.

**Oliver, 1999**

Defines customer loyalty as “a deeply held commitment to re-buy or re-patronize a preferred product or service consistently in the future, despite situation influences and marketing efforts having the potential to cause switching behaviors”.

**Kim & Yoon, 2004**

Customer loyalty is the key element which decide the sale of a company because continuous use and frequent suggesting of a product can enhance the sale and all this possible if the existence customers are loyal towards company products. There are many ways with the help of which one can measure the customer loyalty but the most important and prominent is that consumer is buying a product himself and suggesting to others in presence of competitors products so it can be understand that a consumer segment is loyal for that particular firm products for which they giving preference and also suggesting to others.

**Walsh, Groth, and Wiedmann, 2005**

Conclude their research with the statement that the cost of serving a loyal customer are less than the serving cost of a new customer.

**Gee, Coates and Nicholson, 2008**

Mentioned several advantages of customer loyalty:

- Loyal customers have a less service cost

- Loyal customer will pay higher cost for a product / service
- Loyal customers will act as a marketing agent by word-of-mouth marketing

**Songsom & Trichun, 2013**

Businesses have admitted that customer loyalty plays an important role in adding value to their business.

**Reichheldl, 1996; Chaudhuri & Holbrook, 2001 ; Chiou & Droge, 2006**

Customer loyalty helps enlarge premium price sales, helps the businesses to enhance their market share & plays a vital role in increasing profitability for the business.

**Srinivasan ,2007**

Says that these are two main categories of loyal customers. The first category is of loyal customers. Within the loyal category there are satisfied and unsatisfied customers. The satisfaction is not an essential requirement for loyalty, so satisfied customers do not have to be loyal but there is a correlation between the satisfied customers and loyal customers. Sometimes unsatisfied customers are also loyal due to attachment and commitment with the supplier. And satisfied customers, if lack the trust commitment and attachment with the suppliers products and services will always deflect once they find a competitor with better quality of products and services. This type of loyalty is sometimes called False Loyalty in which unsatisfied customers remain loyal to their suppliers. The reason for this false loyalty is the factors due to which the customer feels hurdles and obstacles in his/her way, which stops him her from switching or choosing another supplier. These hurdles are called switching costs.

**Afsar et al, 2010**

In today’s technologically advanced world and due to arrival of internet, it’s much more difficult to retain a customer.

**Oliver ,1999**

Loyalty arises through phases; cognitive, affective, canotive and action. In the cognitive phase customer loyalty is based on the assessment of information including the price to be determined for the product/brand, qualities etc. Affective phase is created in the context of positive emotion toward the brand. In the canotive phase the tendency toward the brand becomes devotion and there is the tendency to stand distant from other brands. In the action which is the last phase inertia based on the tendency to that brand started. While it is cognitive phase which is the easiest phase to reach for the enterprise the most
difficult phase is action. Although those phases explain loyalty it fails to define ultimate loyalty that provides purchasing the same brand in all terms and conditions. Though it has a place in the loyalty literature prior to this study of Oliver, the concept of inertia had a broader place and started to be discussed through this study. Despite the concept of inertia was suggested by Oliver as a result of action loyalty achieved, as it shall be discussed in the later sections of the theoretical framework, since the concept of inertia is not based on consciousness it started to be used as a concept that fails to reflect loyalty, that arises only depending on the conditions and that may change according to conditions.

**Gounaris and Stathakopoulos, 2004**

There are four types of loyalty on the basis of purchase, social effect and emotional devotion to the brand:

- **No Loyalty:** They are those who do not purchase and while they have no interest in the brand and social effects failed to orient to the brand.
- **Covetous Loyalty:** They do not purchase but emotional tie to the brand is high and this tie was created by the social environment.
- **Inertia Loyalty:** They have a tendency toward the brand for habit, convenience or any other reason without emotional tie with the brand and social effect. The customers having this nature of loyalty can make a systematic selection among other brands but while this selection has low level of emotional involvement and personal investment there is no devotion to the brand.
- **Premium Loyalty:** If the emotional tie and social effect is high while the customer purchases at high level it is loyalty.

**Wijaithammarit & Taechamaneestit, 2012**

Corroborated with previous research which stated that a good customer experience management results in customer satisfaction and leads to retaining customer loyalty.

**Customer Relationship Management (CRM)**

**Buttle, 2009**

Customer Relationship Management (CRM) “is the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit. It is grounded on high-quality customer data and enabled by IT”.

**Ballou, 2007**
Customers are the critical factors in each business. In all companies, the loyal and the fixed customers are expecting more level of service qualifications, suitable transaction, and customized products. So it means that the companies should be informed of each customer to increase the loyalty and effectiveness. For this reason, CRM systems can help to change the way that each company is treated with customers and employees, to promote its revenue and obtain higher final profit. Nowadays, organizations are implementing Customer Relationship Management (CRM) applications more and more because CRM will help them to achieve a range of business benefits.

Sin et al. 2005

The CRM approach has received increased attention as a marketing concept during the last decades, both amongst practitioners and in academia.

Osarenkhoe & Bennani, 2007

Implementing sustainable CRM strategy requires the endorsement by and commitment from top management, systematic cross-functional communication, and mandatory customer loyalty training programmes for all employees.

Chan & Lam, 2009

By implementing CRM solutions, many firms expect to improve profitability by gaining customer loyalty, customizing offerings, and lowering costs. The increasing pressure on profitability has motivated companies across different industry sectors to invest in CRM solutions. Internet technology has transformed CRM into electronic CRM (eCRM), because companies can use Internet technologies to capture new customers, track their preferences and online behaviours, and customize support and services.

Shan and Lee, 2003

Say that “eCRM expands that traditional CRM techniques by integrating of new electronic channels, such as Web, wireless and voice technologies, and combines them with e-business applications into the overall enterprise CRM strategy”. They further say “the ability to capture, integrate and distribute data gained at the organization’s Web site throughout the enterprise.”
Adebanjo, 2003

Selection of e CRM for one organization requires combinations of factors which should be managed properly. It reduces the cost of communication with customers and help to enhance customer interaction, personalization and relationship opportunities.

Jain, 2005; Osarenkhoe, 2006

CRM is seen by some as being a matter of integrating business processes in an organisation. Another perspective sees CRM as a matter of a customer focused business strategy.

Sales Promotion

Aderemi, 2003

Sales promotion is an important component of an organizations overall marketing strategy along with advertising, public relations, and personal selling. Sale promotion acts as a competitive weapon by providing an extra incentive for the target audience to purchase or support one brand over another. It is particularly effective in spurring product trial and unplanned purchases.

Iheanyi, 2002

Defined sales promotion as those marketing activities, other than personal selling, advertising and publicity that stimulate consumer purchasing and dealer effectiveness, such as displays, shows and expositions, demonstration etc.

George, 1998

Sales promotion has been defined as a direct inducement that offers an extra value or incentive for the product to the sales force, distributors or the ultimate consumer with the primary objective of creating an immediate sale.

Alvarez & Castilles, 2004

The primary objective of sales promotion is to have a direct impact on buying behavior.

Rizvi et al 2012
The purpose of sales promotion is to motivate the customers to immediately purchase a particular product thus enhancing its sales.

Ndubisi, 2005

The growth of research in the use of sales promotion as a marketing strategy was precipitated by the increasing importance of this marketing lever.

Ansari, 2011

Sales promotion is action-focused marketing events whose purpose is to have a direct impact on the behaviour of the firm’s consumers. There are three major types of sales promotion: consumer promotion, retailer promotion, and trade promotion.

Kotler & Armstrong, 2004

Preferred effects vary from increasing short term sales, building long-term market share, getting consumers to try new products, obtain better visibility or rewarding loyal customers.

Rahmani et al, 2012

Since sale promotions make stronger and more complete react, they can be used for better representing and sale increase in stagnation.

Bhadra, 2013

It may not be out of place to suggest that some instances of sales promotion initiatives betray a sense of urgency influencing consumers to act even if it is at the expense of erosion of brand equity or compromise of long term profitability of the firm. In the past two years one has noticed a heartening departure from this norm. Several innovative forms of sales promotion appear to combine the apparently incompatible objectives of brand development and achievement of short term sales.

Begona & Rodolfo, 2005

A wide range of sales promotion techniques can be used. For the most part, it seems that promotions based on immediate price reductions are the most frequently used. It has been proved that it is this technique that exerts a greater influence on the brand choice process, i.e. sales promotion decisively influences the brand choice process. Specifically, of all the techniques that can be employed, it is immediate price reductions (price cuts) that have a more important effect on consumer behaviour. Those sales promotion techniques that provide the best results should be used.
Kaur and Soch’s model, 2013

The corporate image and the switching cost construct needs to be appreciated and analysed in terms of their impact on customer loyalty.

Akin, 2012

Came to the following conclusions based on the research of customer loyalty and customer consciousness:

- The assessments on the basis of loyalty and consciousness deviated in time and the conceptual infrastructure of the view that loyalty is a conscious and no loyalty is an unconscious attitude and/or behaviour corrupted.

- An understanding that bases the responsibility of loyalty on the company and the responsibility of no loyalty on customer and unconsciousness of the customer is both a glib and problematic understanding focused on the company/brand rather than the customer.

- The most significant indicator that reveals that loyalty and consciousness assessment is problematic and that what the consciousness which shall affect loyalty has not been defined

Ho et al., 2009

With intensified competition during the current economic crisis, many firms are developing or improving their loyalty programs to deter customers defecting to their competitors.

Costabile, 2000

The management of a customer portfolio is undoubtedly complex and costly, above all from the organisational viewpoint. The recent developments of the exchange processes and the spread of the hypercompetition dynamics, however, do not offer alternatives. And the pervasive development of the economy in the form of digital networks makes customer relationships the only real source of value. Such a source can be enriched only if the customer relationships are, or will become, stable and suitable for the joint development and experimentation of products and firm processes. It is a value creation process that only the real loyal relationships can offer.