UNIT 7 CUSTOMER LOYALTY AND CUSTOMER RETENTION

Structure

7.0 OBJECTIVES

After reading this unit you will be able to:

- explain the concept of customer loyalty and customer retention;
- discuss the impacts of customer loyalty and retention;
- describe the economics of customer value;
- elaborate various types of customers; and
- explain various strategies for customer retention.

7.1 INTRODUCTION

Marketing is the art of attracting and keeping profitable customers. What makes a profitable customer? A profitable customer is a person that over a period yields a revenue stream that exceeds by an acceptable amount the company's cost stream for attracting, selling and servicing that customer. Retailers today need to understand and internalise the basic philosophy given by Pareto, the 20-80 rules. This rule says that the top 20% of the customers often generates 80 % or more of the company's profits.

In Unit 4, we discussed that loyal customers are undoubtedly a valuable asset for the business. Retaining a customer in a business is cost effective than attracting new customers. This is one of the new techniques for maximising the lifetime profitability of the customer base of a business. Existing customers know the business and business also knows them very well and can provide customised services to them with less efforts. Hence, it becomes imperative for the business to achieve customer loyalty.

Loyal customer not only increases the sale volume of business but also creates new customers. To attain customer loyalty, it is very important to satisfy customer with valuable services because satisfied customer eventually are the loyal customers and they stay with the business. When business retains the customers, it enjoys two fold benefits. First, it gives revenue to the business and second, customer retention brings cost reduction.

In this unit we will discuss in detail about different types of customers, concepts of customer loyalty and retention and different strategies of customer retentions.

7.2 CONCEPT OF CUSTOMER LOYALTY

Whether a particular customer is satisfied after purchasing a product/service depends upon his expectations in relation with the performance of offer. Generally, satisfaction is a personal feeling of happiness or disappointments resulting from comparing expectations and performance of the product/service. If the performance does not exceed customer expectations, the customer is dissatisfied. If the performance matches the customer expectation, the customer is satisfied. If the performance exceeds expectations of customer, the customer is highly satisfied or delighted and becomes loyal towards business.

Remember that there may be many business organisations that can satisfy their customers, but there are very few businesses that really treat the customer as "The King" and keep them in the center of their business operations. It is needless to mention that it is the customer delight (and not merely satisfaction) that brings long term customer loyalty to the business.

According to Keki R. Bhote,"Customer satisfaction is but a milestone on the long, hard road to customer loyalty and lifelong retention. Customer loyalty is the flip side of the same coin called company profit".

Once a company delights its customers and divert them towards loyalty, company can easily enjoy the benefits of customer retentions. The concept of retailing itself focuses on customer satisfaction and delight. We have already discussed the benefits of customer loyalty in Unit 4 and talked about the adverse affect of the negatively satisfied customers (as they can harm the product or retailer's image more than its competitors).

Key steps for customer loyalty and retention

No business can get loyal customers without hard work and proper marketing strategies. To gain loyal customers and to retain them with the business, Following are some key points which lead to increase customer loyalty and retention:

i) Main objective of the top level management should be to add value for customers, by providing product/service of best quality, with fare price, in cyclic time and serve better than their competitors.
ii) Making long-term key strategies for customer loyalty and retention.
iii) Appointment of Chief Customer Officer (CCO) to deal with customer related view points.
iv) Managers must spend at least 25% of their time with core customers.
v) Main goal of managers should be to retain customers, which automatically leads to achievement of sales target.

7.2.1 Customer Loyalty Grid

With the help of Brian Ward's customer loyalty grid, we can easily understand, what customers really want and what make them feel happy and loyal.

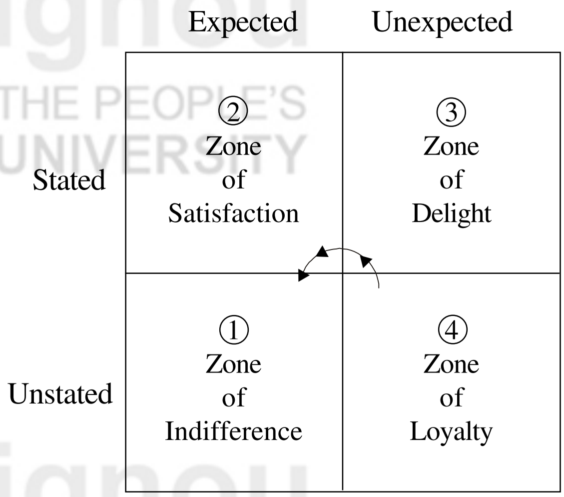

Figure 7.1: The Customer Loyalty Grid

Source: Affinity Consulting

Let us discuss each zone in detail:

1) **The Zone of Indifference (Unstated/expected)**

   Zone of indifference includes all the basic expectations which are to be fulfilled by the business. Customers generally expect that they should be treated as valuable and important with respect. If business does not perform according to their expectations, they feel insulted, which cause dissatisfaction. If business meet this basic and obvious need, business can hope for is indifference.

2) **The Zone of Satisfaction (Stated/Expected)**

   This is the zone where customers actually tell what's their need? and what's important to them? Here, business listen them very carefully, as this is the fist step to customer loyalty. Meeting their needs and expectations will cause satisfaction and whereas not meeting their needs and expectations will cause dissatisfaction. For example, a customer might expect discount on a purchase, but knows that he has to specifically ask (or negotiate) for it. It is an expectation, simply because other organizations that the customer deals with provide this benefit.

3) **The Zone of Delight (Stated/Uunexpected)**

   Here customer expects something extra from retailers, which is generally unexpected but if a retailer meets his/her need, will definitely create a solid customer loyalty base. For example, a customer might expect a product of high quality on reasonable price but this particular product falls under premium price, here is the opportunity for retailer to delight his customer by meeting his/her expectation.

4) **The Zone of Loyalty (Unstated/Unexpected)**

   Exceeding customer's expectations even if customer is aware, will create loyal customer. This requires retailers to be really proactive in suggesting to customers new innovations that they can really benefit from. Many customers will be even willing to pay extra for this. For example, airbags in automobiles when first introduced were an innovation that saved lives, but customers had no way of asking for this innovation, or expecting it, before it became known to them.

To get to the Zone of Loyalty, first meet the first three zones, because all zones are equally important. If retailers meet basic expectations of customers and satisfy them with proper service then it will create loyal customers.

7.3 CONCEPT OF CUSTOMER RETENTION

In simple words, customer retention means keeping the customers in the business.Customer retention is a strategy to keep the customers of the business and retain their revenue contribution. It aims at preventing customers to leave the business (popularly known as defecting) and go the alternate brands or competitors. As it has been discussed from the very beginning, that it costs less to retain an existing customer than to acquire a new one. Studies across a number of industries have revealed that the cost of retaining an existing customer is only about 10% of the cost of acquiring a new customer. Acquisition costs occur only at the beginning of a relationship with the customer. Longer the relationship, lower shall be the amortised cost. Account maintenance costs decline. Long term customers generally do not switch their brand (business) and are comparatively less price sensitive. Hence it makes sense to give importance to customer retention.

These customers are likely to bring new customers to the business and purchase additional products and they are consistent in their buying behaviour. They are well aware of the process of the business and they need not to be educated/informed every time they enter the point of purchase.

Businesses try to give various lucrative offers to their existing customer to stop them to switch their business. For example **N Mart** off late, has started giving credit facility of Rs. 1500 to its members that are existing customers. In their policy the members of N Mart will get a cash voucher of Rs. 250 with which they can make purchases from any of its stores. **Shoppers stop** also gives membership card. **Big bazaar** offers various discount coupons and “Mahabachat offer” from time to time to attract the existing customer to stay in the business.

McDonald and Pizza Hut maintains a database of the birthdays of the frequent customers and they wish them on their birthdays.

Customer Retention is the activity that a selling organisation undertakes in order to reduce customer defections. Successful customer retention starts with the first contact an organisation has with a customer and continues throughout the entire lifetime of a relationship.

According to Reichheld “Customer satisfaction is not a surrogate for customer retention. While it may seem intuitive that increasing customer satisfaction will increase retention and therefore profits, the facts are contrary. Between 65% and 85% of customers who defect say they were satisfied or very satisfied with their former supplier.”(Reichheld 1993)

Customer development process

As explained in the diagram below, customer retention helps in first time customer becoming a repeat customer. with some acceptable frequency, customer becomes a client and has an identity with names known to company.

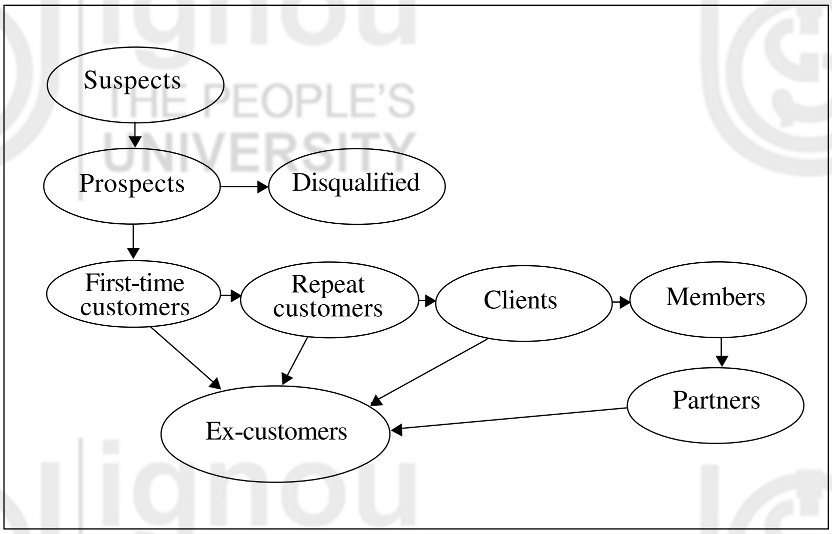

Figure 7.2: The Customer Development Process

Source: Kotler et al (2009)

Customer retention may be measured in terms of absolute number of those staying as a percentage of the original number over a specific period, for example 1 year. The percentage of customers a company loses in a year is called 'churn'. Retention rate is 1-churn.

The appropriate interval at which a retention rate should be measured, therefore, need not necessarily be 1 year but, depends on the nature of the business and, more specifically, on the repurchase cycle appropriate in the industry. It would be misleading to suggest that 'A' has defected if 'A' has not purchased a new car in year 2 when the usual repurchase cycle of a new car is 3 years. It is therefore more meaningful for car dealers to measure customer retention every 3 years instead of every 12 months.

It is also important to understand that customer retention also has to factor in nature and frequency of purchase. This aspect is illustrated in the diagram below:

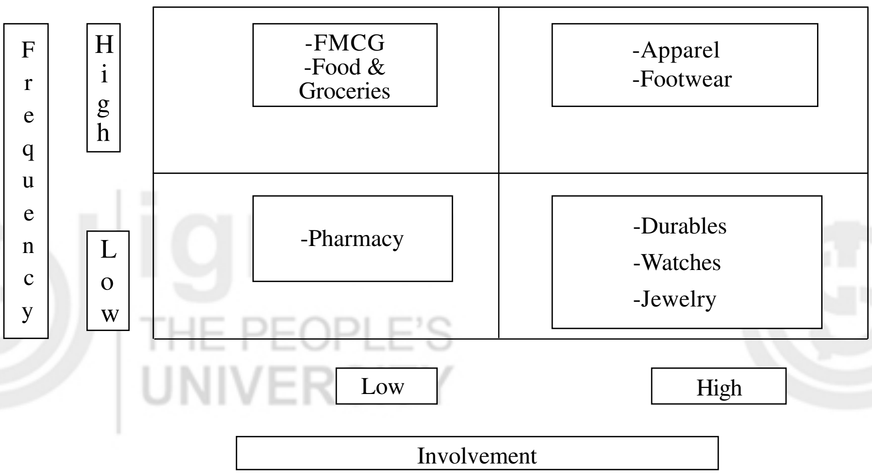

Fig 7.3 : Frequency and involvement in customer purchase

There are some important quotations regarding customer retention:

- " Be better than your best competitors in providing customer value " – Bob Allen, AT & T
- "Yesterday does not count. All that counts is providing the most value to customers tomorrow " – Jack Welch, GE

Some important key points for customer retention

1. Train the sales staff to give special treatment and care to the customers.
2. Provide exceptionally good customer service.
3. Pay attention to the customers' complaints.
4. Keep a watch on the buying behavior of the existing customer.
5. Give proper attention to the existing customers and preference should be given to them when it comes to attending them at store.
6. Frequent customers of the business should be provided discount coupons or other such loyalty programme.
7. Take feedback from the existing customers. Questionnaires can be sent and various surveys can be conducted.
8. Maintain regular communications to make sure that they are informed of new product lines, offers, related products etc.
9. Reactivate dormant customers. Contact them if they are not seen from a while to check if any of the current offers would interest them.
10. Do reviews on a very regular basis.

Check Your Progress A

1. Enlist four key points to retain customers in the business.

   ....

   ....

   ....

   ....

   ....

2. Write the stages of customer development process.

   ....

   ....

   ....

   ....

   ....

3. Give example of any loyalty offers of a retail store that you have visited recently.

   ....

   ....

   ....

   ....

   ....

7.4 THE ECONOMICS OF CUSTOMER VALUE

As discussed in Unit 1, the 3Rs framework entails breaking down the customer value management cycle into three stages:

- Right customers (acquiring right customers)
- Right relationship (developing strong relations with those customers)
- Right retention (keeping valuable customers in the business)

However, the economics of customer value also incorporate the following facts about customer acquisition and retention:

- Acquisition of customers can cost five times more than retaining current customers.
- A 5% reduction to the customer defection rate can increase profits by 25% to 85%.
- The customer profit rate increases over the life of a retained customer.

7.4.1 Acquisition Cost

Putting in place a customer retention strategy increases customer profitability as acquisition costs only occur at the beginning of a relationship. So the longer the relationship, the lower is the amortised cost; account maintenance costs decline as a percentage of total costs (or as a percentage of revenue); long-term customers tend to be less inclined to switch, and also tend to be less price sensitive. Long-term customers may introduce new customers via verbal referral; long-term customers are more likely to purchase additional products; customers who stay with the business tend to be satisfied with the relationship and are less likely to switch to competitors, making it difficult for competitors to enter the market or gain market share. Regular customers tend to be less expensive to service because they are familiar with the process, require less 'education', and are consistent in their buying behaviour; increased customer retention and customer loyalty makes the employees' jobs easier and more satisfying. In turn, happy employees feed back into better customer satisfaction in a virtuous circle.

The company estimates all revenue coming from the customer less all costs. The costs should include not only the making and distributing the products and services but also costs incurred in servicing the customer such as paying for gifts or customer visits.

7.4.2 Retention Cost

When there is specific start-up costs involved in serving a new customer, such as prospecting, credit checks, and entering the customer's account details on a database, then the costs of serving a new customer exceed those of serving a repeat customer. Other studies done by consultants such as McKinsey have shown that repeat customers generate over twice as much gross income as new customers.

Customer loyalty is customer's intention to purchase a specific product or services in future repeatedly (Jones and Sasser, 1995). Customer loyalty is defined as an interaction between customers' relative attitude towards a brand or store, and their repeated purchase behavior towards that brand or store (Dick and Basu, 1994). According to Rhee and Bell (2002), customer loyalty is an important indicator of store health. Customers can have long-term or short-term loyalty (Chang and Tu, 2005). Long-term loyal customers not easily change their store and product choice. In contrast, short-term loyal customers switch when they find a better alternative.

7.5 CLASSIFICATION OF CUSTOMERS

In retail shop, in a day, many customers come to purchase products; they are different in nature, taste, need and have different expectations. It is very important to retailer to differentiate them according to their above qualities and treat them as they want to be treated to create satisfaction and loyalty. Following chart presents the classification of customers according to their nature, needs and expectations:

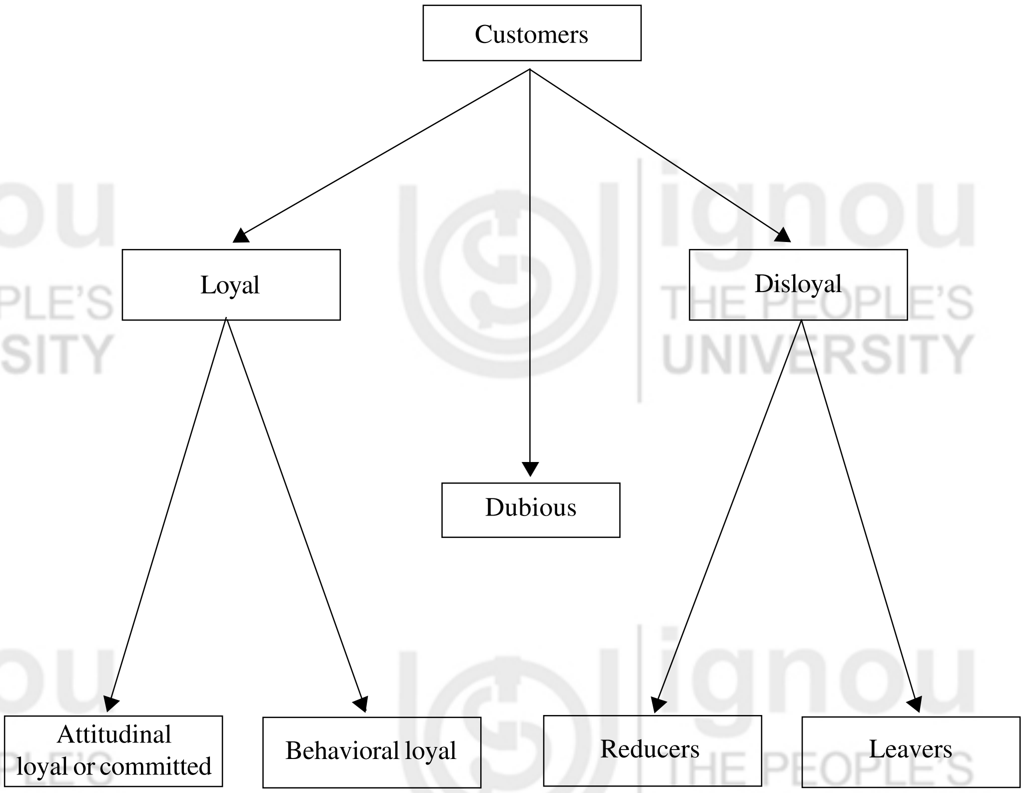

Fig 7.4: Classification of Customers

Source; Andres Kuusik, Affecting customer loyalty: Do different factors have various influences in different loyalty levels, University of Tartu, Faculty of Economics and Business Administration 2007

i) **Loyal customers**: Loyal customers are those customers who are highly satisfied with business or product performance and repeatedly come to purchase. Loyal customers not only retain with business but also generate new customers.

ii) **Dubious customers**: Dubious customers are those active customers who use only the certain provider's service but do not know which provider's service they will use in the future.

iii) **Disloyal customers:** Disloyal customers are further classified as those who are reducers i.e. those customers who have started making changes in customer spending by spending less or those who are leavers. According to Coyles and Gokey , 2002, improving the management of migration as a whole by focusing not only on defections but also on smaller changes in customer spending can have as much as ten times more value than preventing defections alone.

Customers can be classified in different ways applying different criteria. Criteria could include only one variable for classification such as profits earned per customer or could involve mapping one variable against another e.g. Customer satisfaction and loyalty or loyalty and profitability.

E.g. Wills Lifestyle, ITC's apparel retailing arm is concentrating on niche segments such as high end luxury formats operating out of hotels .Also segmentation of wardrobes to suit the occasion is creating customer segments like women's formals.

Applying this criteria, there are four segments identified by experts. (Zeithmal et al 2010, Kotler et al 2009) These four customer segments are explained below :-

1. The platinum tier describes the company's most profitable customers typically those who are heavy users of the product, are not overly price sensitive, are willing to invest in and try new offerings and are committed customers of the firm.
2. The gold tier differs from the platinum tier in that profitability levels not as high. They are heavy users who minimise risks by working with multiple vendors.
3. The iron tier contains essential customers who provide the volume needed to utilise the firm's capacity but their spending levels; loyalty and profitability are not substantial enough for special treatment.
4. The lead tier consists of customers who are costing the company money. They are unprofitable and therefore undesirable by the company.

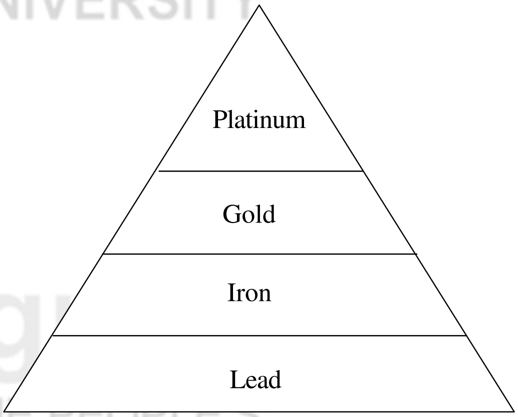

Fig 7.5: Four Customer Tiers

Retailers should enhance the simple profile that most current programs store, which generally only includes a member's name, address, and transaction history, in order to provide a more comprehensive understanding of the customer. This inclusive profile should track:

- Contact information (such as name, address, marketing channel preferences)
- Demographics (such as household members)
- Shopping preferences (such as customer-stated preferred items/categories/stores)
- Past transactions (such as past purchases and redemptions)
- Status (such as tier)
- Service history (such as calls and e-mails to customer service, in-store interactions)

Retailers can then use this information to segment the members (for example, moving beyond tiers to even more narrowly segment the members by lifestyle, purchase patterns, life stage, and so on). For example, as shown in Figure below, Forrester used a grocery chain's loyalty program data combined with demographic and income data from third-party sources to segment customers into four groups based upon profitability and loyalty.

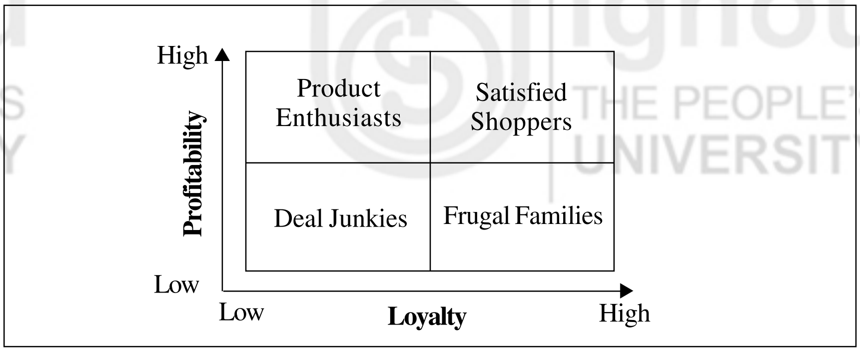

Fig. 7.6: Profile of four grocery shopper types based upon profitability and loyalty

Source: Gaining Competitive Advantage through Effective Retail Loyalty Programs, an *Oracle White Paper Updated June 2006*

Through the use of store-branded credit cards/loyalty cards and point-of-sale systems, retailers can keep detailed records of every shopping transaction. This enables them to better understand their various customer segments. For example the consumer buying behavior of the four segments mentioned in the diagram above can be ascertained in a more in-depth and rigorous manner by better understanding the

1) regency of visits
2) frequency of visits
3) pattern of purchase including items purchased together
4) amount of purchase per visit
5) response to discount offers through sale

Some retail applications include:

Performing basket analysis: Also known as affinity analysis. Basket analysis reveals which items customers tend to purchase together. This knowledge can improve stocking, store layout strategies, and promotions.

Sales forecasting: Examining time-based patterns helps retailers make stocking decisions. If a customer purchases an item today, when is he likely to purchase a complementary item?

Database marketing: Retailers can develop profiles of customers with certain behaviors, for example, those who purchase designer labels clothing or those who attend sales. This information can be used to focus cost–effective promotions.

Merchandise planning and allocation: When retailers add new stores, they can improve merchandise planning and allocation by examining patterns in stores with similar demographic characteristics. Retailers can also use data mining to determine the ideal layout for a specific store.

7.6 CUSTOMER RETENTION STRATEGIES

There are four ways in which any retailer can retain their valuable customers. These four approaches are explained in the figure 7.7.

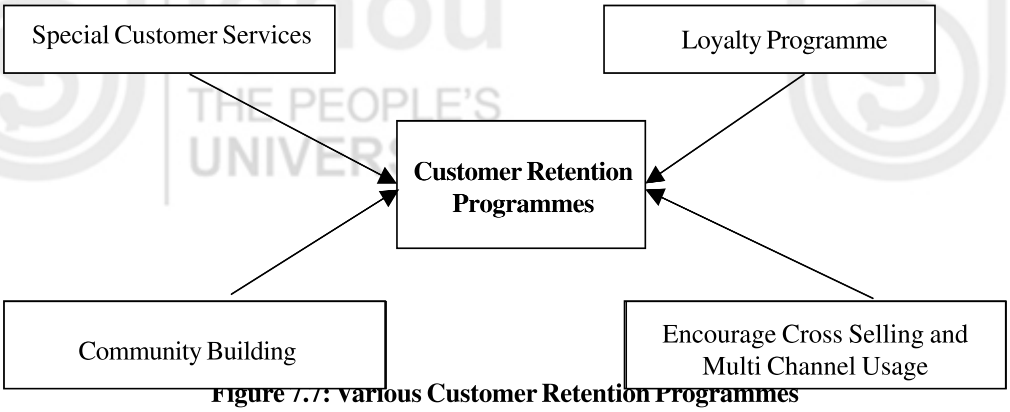

Figure 7.7: Various Customer Retention Programmes

A) Customer Loyalty Programme

A customer loyalty programme is a system whereby a customer has specifically signed up for a programme. The customers may receive a plastic card with their name encrypted on it. These cards can be used when they shop and these customers with cards are given some benefits.

From group cards, like Green Card from Pantaloon, to cards enrolling multiple sellers and cards only of a limited cash value launched by Ad Labs and PVR cinema for movie tickets. India has lapped up card technology in retailing, in various formats with a high degree of enthusiasm. Everyone is trying to create maximum value generated for the organisation by creating of superior customer equity. Modern retail outlets of India which are still taking a shape and growing at an exponential rate have already launched loyalty cards as a quintessential strategy. Big Bazaar has joint credit cards with ICICI, Vishal Mega Mart has a joint Credit card with SBI, and Reliance has come up with its own credit card. Lifestyle, for instance, has a loyalty programme called 'The Inner Circle'. Rewards programmes, such as 'Club West' from Westside and 'First Citizen' from Shoppers Stop, are also in competition to attract and retain the customer. Small retail chains like Ritu Wears, Globus, Saboo, Bombay Selection, CTC plaza etc also enroll customer in their loyalty programmes.

Loyalty programmes help retailers by :

- Decreasing price competition
- Increasing switching costs
- Decreasing marketing costs
- Building trust and positive customer relationships
- Strengthening the brand
- Increasing the share of wallet (share of expenditures)

The potential of a loyalty programme to attract members depends not only on the value of the rewards it offers, but also on when the rewards are available. Research in psychology suggests that when a loyalty programme's redemption rewards are problematic and delayed they will be a less powerful motivation. Many accumulating benefit programs, such as frequent-flyer schemes, try to (partially) alleviate this problem by sending their members a statement of accumulated points at regular intervals.

Typically, these statements are accompanied by material promoting the aspirational values and ease of achieving the various available rewards.

Self Assessment Activity

Choose any two retail stores that you may have recently visited which have a loyalty card as an offering or alternatively consider two retail brands whose loyalty cards you possess. Compare the loyalty cards of the two retail brands.

....

....

....

....

b) Special Customer Service

Customers are value maximisers. Therefore one way of retaining key customers is to provide excellent customer service. e.g. to some of the key customers, providing one dedicated employee as a key relationship manager is a good approach. Because customers have more choices today and the targeted customers are most valuable to the company, customer service must receive a high priority within the company for any contact or "touch points" that a customer has with a firm.

Programmes designed to enhance customer service are normally of two types. Reactive service is where the customer has a problem (product failure, question about bill, product return) and contacts the company to solve it. Most companies today have established infrastructures to deal with reactive service situations through 800 telephone numbers, faxback systems, e-mail addresses, and a variety of other solutions. Proactive service is a different matter: this is a situation where the manager has decided not to wait for customers to contact the firm but to rather be aggressive in establishing a dialogue with customers prior to complaining or other behavior sparking a reactive solution. This is more a matter of good account management where the sales force or other people dealing with specific customers are trained to reach out and anticipate customers' needs.

c) Community building

A third approach for building customer retention is to develop a sense of community among customers. Retailers normally consider a community of loyalty card owners and send them invites informing them about sale and special promotions much in advance, e.g. Shoppers Stop dedicates the first two days of sale for their loyal customer community. They also indulge in creating an online community where the internet channel offers an opportunity for customers to exchange information using bulleting boards.

Similarly Landmark book retailer started by Tata invites their loyalty card members for special book launches and interaction with the authors along with some cultural programmes like Jazz inside the store.

Similarly there are overseas examples of sporting goods retailer in addition to offering merchandise for sale can provide an opportunity for organisers of local sporting events to post information about these events on its website thus creating an internet member club. When database was built, the retailer learned the following:

- Club members bought 11 times more than non club members.
- In two years, 81% of club members became multi-buyers.
- The club boosted retention.

d) Encourage Cross Selling and Multi Channel Usage

Research has provided insights on the repeat customer being even more loyal in case he is positively inclined to cross selling and add-on selling initiatives of the retailer. Cross selling refers to selling a complementary product or service in a specific transaction such as selling a printer to a customer, when he has decided to buy a computer. Add-on selling involves selling additional new products and services to existing customers e.g. Big Bazaar selling customers furniture along with food items

Check Your Progress B

1. Give the classification of customers.

   ....

   ....

   ....

   ....

2. What is special customer service?

   ....

   ....

   ....

   ....

3. List four ways to retain customers.

   ....

   ....

   ....

   ....

7.6.1 Usage of Multiple Channel by Retailers

Channels used by retailers can be categorised into five categories broadly based on the balance of physical or virtual contact. These include:

(1) Sales force, including field account management, service, and personal representation;

(2) Outlets, including retail branches, stores, depots, and kiosks;

(3) Telephones, including traditional telephone, facsimile, telex, and call center contact;

(4) e-commerce, including e-mail, the Internet, and interactive digital television; and

(5) m-commerce, including mobile telephony, short message service and text messaging, wireless application protocol, and 3G mobile services.

7.6.2 Linking Customer Value to Customer Loyalty

Several researches have pointed out that two of the more effective means of generating customer loyalty are to delight customers (Lee, Lee,& Feick, 2001; Oliver, 1999) and to deliver superior value derived from excellent services and quality products (Parasuraman & Grewal, 2000).

Customer value is "the fundamental basis for all marketing activity"(Holbrook, 1994, p. 22) and high value is one primary motivation for customer patronage. Customer value regulates "behavioral intentions of loyalty toward the service provider as long as such relational exchanges provide superior value" (Sirdeshmukh et al., 2002, p. 21). Prior empirical research has identified perceived value as a major determinant of customer loyalty in airline travel, and retailing services (Sirdeshmukh et al., 2002). Chang and Wildt (1994) report that customer-perceived value has been found to be a major contributor to purchase intention.

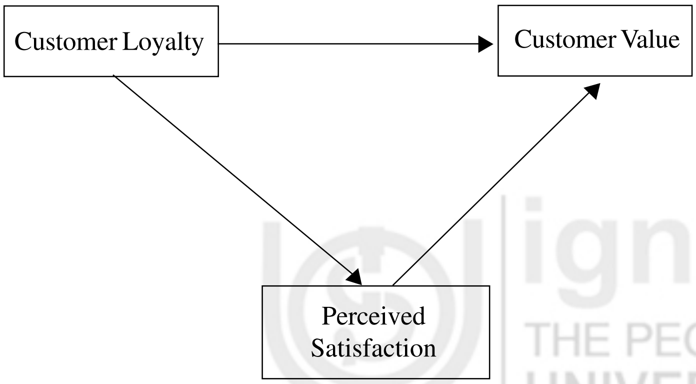

Figure 7.8: Linking of Customer Value to Customer Loyalty

Loyalty can be of substantial value to both customers and the firm. Customers are willing to invest their loyalty in business that can deliver superior value relative to the offerings of competitors (Reichheld, 1996).When they are loyal to a firm, customers may minimise time expended in searching and in locating and evaluating purchase alternatives. Also, customers can avoid the learning process that may consume the time and effort needed to become accustomed to a new vendor. Customer loyalty will be positively influenced by customer-perceived value.

7.7 LET US SUM UP

Loyal customer not only increases the sale volume of business but also creates new customers. To attain customer loyalty, it's very important to satisfy customer with value services because satisfied customer becomes loyal and only loyal customer retains with the business. To get to the zone of loyalty, first of all to meet the first three zones; because all zones are equally important, there is no short-cut. Because if retailers meet basic expectations of customers and satisfy them with proper service then it will create loyal customer. In modern business, customer retention is a strategy whose main objective is to retain customer and increase company's revenue and prevent its customers to defect to other alternative products/services of the competitors. As all businesses know that customer retention is cost effective because acquiring new customer is more costly than retaining its existing customers, so it is important to have a customer retention strategy in business. By creating customer value, business easily reduces its acquisition cost of customers and enjoys the benefits of retaining customers. Customers are generally classified into; loyal, dubious and disloyal customers, retailer should treat every customer according to their nature, need and expectations.

7.8 KEY WORDS

Customer Loyalty : Specific desire to continue a relationship with a service provider.

Customer Retention : Customer Retention is the activity that a selling organisation undertakes in order to reduce customer defections.

Acquisition Cost : Cost of acquiring new customers.

Dubious Customer : Those active customers who use only the certain provider's service but do not know which provider's service they will use in the future.

Core Customer : Loyal customers that remains with the business lifelong.

7.9 TERMINAL QUESTIONS

1) What is customer loyalty and loyalty grid ?
2) What are the various strategies for customer retention. ?
3) Describe the economics of customer value by taking a hypothetical situation.
4) Customers are of different nature and expectations. Do you agree with the statement? Justity your answer.

REFERENCES / FURTHER READINGS

Holbrook, M.B. (1994).The nature of customer's value:An axiology of service in consumption experience. In R. T. Rust, & R. L. Oliver (Eds.), Service quality: New directions in theory and practice (pp. 21–71). Thousand Oaks, CA: Sage Publications

Reichheld F. F. 1993, Loyalty based management, Harvard Business Review Vol 71, Issue 2, pp 64-72

Reichheld, F. F. (1996). Learning from customer defections. Harvard Business Review, 74, 56–67.

Sirdeshmukh,D., Singh, J.,& Sabol, B. (2002). Consumer trust, value, and loyalty in relational exchanges. Journal of Marketing, 66, 15–37.

Chang,T. Z., & Wildt, A. R. (1994). Price, product information, and purchase intention: An empirical study. Journal of the Academy of Marketing Science, 22, 16–27.

Lee, J., Lee, J., & Feick, L. (2001). The impact of switching costs on the customer satisfaction–loyalty link: Mobile phone service in France. Journal of Services Marketing, 15, 35–48.

Oliver R L, 1999, Whence Consumer loyalty? Journal of Marketing, Vol 63,pp-33-44

Parasuraman, A., & Grewal, D. (2000). The impact of technology on the quality–value–loyalty chain: A research agenda. Journal of Academic of Marketing Science, 28, 168–174

Zeithaml,V. A. (2000). Service quality, profitability, and the economic worth of customers: What we know and what we need to learn. Journal of the Academy of Marketing Science, 28, 67–85.

Coyles, S. and Gokey, T. (2002) "Customer Retention Is Not Enough." The McKinsey Quarterly 2, 18 Sept. 2002.

Czepiel, J. A., & Gilmore, R. (1987). Exploring the concept of loyalty in services. In J. A. Czepiel,C. A. Congram, & J. Shanahan (Eds.), The services challenge: Integrating for competitive advantage (pp. 91–94). Chicago. IL: American Marketing Association.

Neal, W.D. (1999). Satisfaction is nice, but value drives loyalty. Marketing Research, 21–23.

Zeithmal Valarie A, Mary Bitner,Dwayne Gremler,Ajay Pandit 2010, Services Marketing, 4th edition,Tata Mc Graw Hill Education Pvt Ltd., New Delhi.

Kotler Philip, Kevin Keller,Abraham Koshy,Mitheleshwar Jha, 2009,Marketing Management, A South Asian Perspective,13th edition , Pearson Education, New Delhi.

Kotler and Keller,"Marketing Management 12e" Prentice-hall India, 2006.

Keki R.Bhote'"Beyond Customer satisfaction to customer loyalty- The key to greater profitability" published by American Management Association.

Andres Kuusik, Affecting customer loyalty: Do different factors have various influences in different loyalty levels, University of Tartu, Faculty of Economics and Business Administration 2007.

Gaining Competitive Advantage through Effective Retail Loyalty Programs, An *Oracle White Paper Updated June 2006*.