

A Comprehensive Literature Review on Customer Loyalty, Relationship Marketing and Brand Loyalty and Its Impact on Customer Retention Policy in Retail Industry w.r.t TESCO Plc.

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Abstract:-

Purpose: - The purpose of this research is to find out that how relationship marketing, brand loyalty and customer loyalty can influence a brand to build.

Design /Methodology/approach: - Relationship marketing, brand loyalty and customer loyalty are the cornerstones for any business including the retail business. This research is based on the reviewing various articles available on relationship marketing, brand loyalty & customer loyalty & its influence on retail brand management.

Findings: - Relationship marketing, brand loyalty and customer loyalty has strong impact on customer purchasing behavior. Hence it has a greater role to build any brand in retail industry.

Practical Implication: - This research has explained the strong correlation between relationship marketing, brand loyalty and customer loyalty and its impact on customer retention in retail brand management. Thus it is very important for any organization to focus on this aspect for improving the business in many folds.

Key words: relationship marketing, brand loyalty and customer loyalty, retail brand management, customer purchasing behavior

selling items with profit. Now every retail organization is using the balance score card for monitoring customer buying habit. They are using balance score card with customer relationship management (CRM) as a business tools for improving their business.

Relationship marketing, brand loyalty and customer loyalty are the three cornerstones for any retail business. These are the intangible resources and has added value for organisations (Normann and Ramirez, 1994).

According to Lloyd (2004) organization can involve any consumers through advertisement which can further influence in brand loyalty. Irrespective in every market brand loyalty helps to determine the consumers demand. IBISWorld (2005) explained how brand loyalty helps automobile industry in Australia to satisfy more educated and more apprehensive consumers.

One of the good examples of customer loyalty is Tesco customer loyalty program. Tesco is one of the leading brands in retail industries. Tesco has very strong strategies for building the relation with customers and they are doing the same through club card program which is the main strategy for them to maintain the relationship with customers.

This club card program was started in 1995 and where they charge no extra cost to get club card for their customers. Since the time club card was launched, Tesco has seen the strong customer loyalty and successful customer retention. Through using club card, every customer gets some points on the basis of his shopping pattern. In order to earn long run customer loyalty club card program is the most successful strategy of Tesco. Most of the research has shown that retaining a customer is cheaper than acquiring new one and club card program of Tesco makes it easy to retain their customers. Basically Tesco club card is operated by one consultancy called Dunnhumby. Both Tesco and Dunnhumby are getting success from achieving their individual goal and objective. Dunnhumby became populated when Tesco loyalty card are started to getting success and help to analyses the customer

I. INTRODUCTION

The concept of customer loyalty has been evolved in between 1950's to 1970's. From 1980's it's became very important aspect as because many of management theories has been found on those era like total quality management (TQM), just-in -time (JIT) and so on. From that time organizations are started focusing on customer satisfaction and customer loyalty but still it was not up to that mark. Then in 1990's the concept of loyalty card (also called balanced score card) and customer relationship management (CRM) has evolved. Basically the balance score card was invent in 1990's and the name of these inventors are Robert Kaplan (Professor of accounting at Harvard Business School and David P Norton (President of Norton, Norton and company, a Massachusetts based information technology consulting firm) (Swzwarc, 2005). Balance score card helps to maintain balance between

data of the Tesco's customer while they are purchasing their goods from the store. Dunnhumby is one of the ideal examples of customer purchasing data analyses in retail business and they are still trying to improve their work regarding Tesco loyalty card for bringing more success and try to provide the best available strategy all the time. The loyalty card is also keeping the track record of their purchasing habits of nearly 16 million of Tesco's customer. Tesco loyalty card is always helpful for making a good strategy regarding the new launch and decide their price in the competitive environment. Not only the price but also this loyalty card helps to improve the other sector of the business through the database system. The database of club card users provides the customers feedback and this database is also beneficial for Tesco to study customers purchasing behaviour. The club card data base provides huge information about the customer's choice and even their expenses on daily needs and these information help Tesco to introduce more effective strategies and schemes.

The following diagram is showing what Tesco expect from its club card program and from other value added services to maintain long time customer loyalty.



Source: www.tesco.com

The main focus of the club card is to retain the old and existing customer not acquiring the new one. According to the survey of Tesco, 25% of loyal spenders generate bigger profit to Tesco than the rest of others who are value spenders.

There are three main points on which Tesco customer retention policy is based.

1. Loyalty Drivers
2. Customer Flow Analysis
3. Customer Relationship.

1. Loyalty Drivers- There is three main loyalty drivers that Tesco has mentioned in its customer retention strategies and these are retail efficiency, product offering and customer loyalty program. In retail efficiency Tesco provides good facility such as car park, good control on checkout queue and the most convenient location for their customers. On the other

hand in second loyalty driver, product offering Tesco has various planning to give great service to the customers such as right range, good value, product quality and the products that customers want. Finally in the last loyalty driver add some extra facilities including club card program. Those extra services are value added services and other benefits.

2. Customer Flow Analysis – There are four main functions in customer flow analysis which are to be carried out. These functions are explained below.

- To identify all those factors that influence customer's purchasing decisions.
- To understanding the customers purchasing behaviour
- Justifying contribution on the present range of product category
- To identify adopter type of customers vs. laggard

Through customer flow analysis Tesco get different types of information such as how often customers do shopping, how much shopping they do in every visit and what types of product they buy.

3. Customer Relationship- Tesco has also introduced very successful and most effective customer relationship strategy in order to maintain a strong relation with customers.

The residual of any research is split up into four main parts and those are the theoretical background and research hypotheses, methodology and try to provide the reason to choosing those methodologies, data analysis and the fourth part is the research implications of this thesis. This research reports will be based on the literature review or the theoretical background.

As it's already identified that this research is based on customer retention policy of Tesco and through this report it is also going to be revealed that how far this policy is really helping Tesco in order to retain their customers. With a specific focus of this research topic that is relationship marketing, brand loyalty and customer loyalty, this project sets the following aim to be examine and reported in detail..

AIM

The importance of the customer retention policy through relationship marketing, brand loyalty and customer loyalty

OBJECTIVE

- Evaluating the customer relationship marketing
- Examine the importance of the loyalty schemes and its tracking capability for retaining the customers
- Examine the ability of the loyalty schemes to add up the consumers' overall loyalty.

II. LITERATURE REVIEW

This literature review is the integrated form of relationship marketing, brand loyalty and customer loyalty concept because all of these concepts are inter link with each other.

A. Relationship marketing (RM)

From past few decades the concept of relationship marketing has been change and new concept has been developed. Instead of relationship marketing it is called now customer relationship marketing (CRM). The concept of customer relationship marketing was first developed in USA. In 1981 USA airline was really facing the problem regarding customer losing and they introduce Advantage as a name of customer relationship marketing (GAO Report, 1996). Through this program they offered some free travel and some unique facilities to their customers. After few months they notice the problem was overcome. Getting a huge success of this program customer relationship marketing concept was spread throughout the industry and every part of the world where every organisations are try to develop their business through this innovative concept. Now it is a part of the every success business including travel industry to banking industry and automobile to retail industry.

Relationship marketing is another intangible resource for any organisations which develops by over the times. It's a system based tools (Szwarc, 2005) which helps to create longer and stronger relation with customer and organisations. According to Stone *et al* (2004) "in markets in which buyers and sellers do experience benefits from developing relationships, these are rarely simple relationships in which a consumer is 100 per cent loyal to one organisation or to another. Most relationships develop in stages with consumers sampling different products and often remaining 'switchers' or 'multi-sources'- buying from several organisation."

Another important aspect of RM is uninterrupted supervision for its customers. Those organisation who are poor in relationship management are facing huge customer lose over the time and thus losing the market share. If they can focus on their customer and strengthen their relationship with them then organisation can easily overcome from losing their customer. This will helpful them for gaining market share.

The main core purpose of relationship marketing is to give the great impact for brand image. Several factors are played an important role to make a stronger brand image through relationship marketing. Those factors are honesty with customers, build a value for their products or their services, try to make a strong relationship with every single customer, maintain or improve the relationship with their old loyal customer and provide excellent training to all of their employees so that they can give their level best affords for satisfying the customers. All these factors help to bring success and market share through strengthen the stronger brand image for the organisations.

The recent concept of relationship marketing is more focusing on building a stronger relationship where as the traditional concept focused only on transactions. Traditional concept was good for short term profit but recent concept is good for long term profit.

Impact of retention in relationship marketing:- The first and for most impact of retention is to enhance and maintain the relationship between loyal customer and organisation. Because retention of a loyal customer is more cost effective compare to developing a new customer. It is easy and less time is needed to wielding a loyal customer than a new customer. Compare with the new customer loyal customer are purchase more product because the product or service are quite well known for them. They are not price sensitive. Loyal customer is always recommending other people and thus this is acts as a promotion for the organisation. It's easier for the organisation to make strategy because they have the records with them regarding the nature of loyal customer. Ultimately retention help to make a strong relation with customer and that customer are threat for the other competitors hence help to enhance the market share.

Factors influence on relationship marketing:-

Some of the factors which are very effectives for the relationship marketing and help to build the stronger relationship between customer and organisation and those factors are described below:-

It can be developed through customer satisfaction, add value to the product, through rights, creating strong customer information, communication from both ways (customer and organisation), excellent product or service quality and encouraging through loyalty schemes.

Customer satisfaction is the key in developing relationship marketing. Another aspects that helps in building relationship marketing are adding value to product, systematic database to store customer's information and product quality.

Relationship duration:-

One of the important aspects of relationship duration is that it helps to determine whether the customers are truly loyal or not. Because many customers are only identify as a habitual buying customers. Several loyalty scheme are planned for identify whether those customers are really true customers or not an. One of them is keeping customer database.

Service providing by organisations:- The service which is provide by the organisation is very important. It is one of the most valuable and important intangible resources for any business. The concept of service has been developed from early 1970s and was first developed on relationship marketing in 1983s by Lenard Berry. The basic concept of service in marketing field is to provide one-to-one marketing through using tangible or intangible resources. Good service builds stronger relationship with the customers. Customer

satisfaction and repeat purchase are depending on the service which is providing by the organisation (Bove and Johnson, 2000). Service is one of the opportunities for the organisation to build a strong relation by providing excellent product, through commitment and build trust and through enhance the customer loyalty. Service can be provide through directly or can be indirectly. Direct services are more appropriate for building a stronger relation but now indirect service also getting success. Direct service is like face to face service or personal face to face service and indirect service is like provide the tailor-made material which customer wants (Sheth and Kellstadt, 2002). Customer knowledge can be gathering from customer database. Information technology has great influence to create and maintain the database for customers (Ward and Dagger, 2007). Oracle and SAP is one of the IT part which used by several organisation now days. Both this program help to analyzed the customer information regarding their buying habit, past transaction and demographic nature and produce tailor-made service for individual customer (HO *et al*, 2009).

Complexity of Relationship Marketing

The concept of relationship marketing is not new. Relationship marketing is one of the traditional methods for building a strong relation between organisation & customer. These methods still progressing day by day & improving from traditional method to modern method. Relationship marketing is very popular in marketing field it's not only retailing the customer but also acquiring new customer. According to Roberts *et al.*(2003) relationship marketing has several functions in business and those functions are attract customer through innovation strategy, making strategy and loyal relation between organisation and customers.

Verhoef (2003) stated that through relationship marketing organisations are not only retaining their loyal customer but also save their money because getting new customers are not cost effective. So it helps to make strengthen the business through maintaining or retaining loyal customers (Ward and Dagger, 2007). Thus relationship marketing is one of the pathways for the business for bringing the success. The uniqueness of relationship marketing is to make a lifelong relationship with customers not just foresting as single transaction. Peppers and Rogers (1994) stated that "relationship marketing help to increase the market share through increasing customer shares". Hence help to sustaining and retaining the customer (Gwinner *et al.*, 1998). Now day's relationship marketing is one of the effective strategies for the business for bringing the profit and recover the money from the market (verhoef, 2003). Relationship marketing is not only effective for organisation but also effective for customer's point of view because it provides some facility to customer also. So this is one of the win – win concept for both organisation and customer in marketing field (Ward and Dagger, 2007). Relationship marketing is the unique idea for

those markets where customers are coming so frequently for buying the product or service. According to (Ward *et al.*, 1997) "relationship marketing is very important for these organisations or business where their product or service has been serving for a longer period of time."

Many researchers focus their views on relationship marketing and the all of them are conclude with the same though. Relationship marketing can be specific for specific group of customer or can be building for the entire customer (Ward and Dagger, 2007). The strength of these concepts will increase when customer will come so frequently for the product or the service. Many times it found that relation management depends on the buyer characteristics also (age and sex).

Length of Relationship:

The duration or length is depending on the strength of relation between organisation and customer. Philip *et al.*(2004) stated that the "duration depends on the longer of customer life span". Gurinner *et al.* (1998) also view the "option on relationship marketing and according to him the duration of relation is depends on the customer relation which effects on the long term profitability". The relationship duration also depends on the quality of the product or service. If the quality of the product or service is good then customer will satisfy and come again. This will increase the period of duration. Another important aspect of relationship duration is the behaviour provided by the organisation employees towards the customer. Because if they able to satisfy the customer by their service then customer going to come again thus enhance the relationship duration. So it is further help to occupy the market. If customers are coming foe a long period of time to a particular organisation then definitely the satisfaction level and the relationship is stronger than those come new.

Impact of Relationship Marketing:-

Relationship Marketing is not the ordinary promotional tool, it is a unique tool for the organisation. The traditional concept of relationship marketing is now shifting toward organization product, delivery service, call centres for helping the customer and so on. If customers are willing to extract it then only relation can build otherwise it is very tough to build a strong relation. Once customers are start to extract the additional value then the relation began to build and called "Relationship mode". Whereas if the customer are not extracting the value called "transactional mode". For changing from transactional mode to relationship mode organisation have provide proper training to their employees and have to improve the three part of relation marketing which is discuss above. Because for direct marketing they are the one (employee) who interact with customers and in indirect marketing also extensive training is required. Once organisations are able to satisfy their customer through direct or indirect marketing can build a strong relation. Another buzzword for relationship marketing is emotion. Now every

organisation are try to build relationship marketing through emotion and for that they are improving their performance, price, quality, customer service and so on. If organisations are able to build relation through emotional aspect then the threat which is coming from competitors will be very less. Component are for emotional attraction some is very important and these are the way of offering the product on service, quality of the product or service, environment where the product or service is offering staff behaviour, product packing, promotion like advertisement. This entire component has to go with and has to maintain well co-ordination. Poor or missing of any component may loss the emotional attraction and responsible losing the market. To build a strong emotional background brand loyalty play an important role. Brand loyalty is an integrated part of relationship marketing segment. Thus we study that more or less every organisation are try to implement relationship marketing:-

Large retail organisations implement relationship marketing and getting success from it.

(Sasser, 1990) Through the help of loyal brand, organisation can make the monopolistic strategy for their business because they “already has loyal customer with them which came because of brand loyalty” (Dick and Basu 1994). It also has a great positive impact on consumer behaviour. “The concept of brand loyalty is repeat purchases not the behavioural based random purchases” (Odin *et al.*, 2001). Though the random purchases and repeat purchases are quite same thing but totally different from the brand loyalty point of view (Jansen and Hansen, 2006),. Random purchases are good for consumer purchase and this can be the purchase of shampoo, toothpaste. Hence many time brand loyalty also play an important role in random purchases like purchasing of shampoo or toothpaste which is branded. According to Day (1969) the definition of brand loyalty is the affection and the trust for the particular brand which is expressed by repeat purchases, without any market pressure which is generated by competitor brand. The definition of brand loyalty was further developed by Jacoby. According to Jacoby (1971) the brand loyalty is based on repeated purchases but the factor play an important role that is psychological attitude towards the particular brand. Dick and Basu (1994) stated “if the repeated purchases are not roaring then that can become unauthentic loyalty which is very harmful for any organisation. “

Jensen and Hansen (2006) stated that finding of the root of brand loyalty is not very easy because the concept of brand loyalty is repeat purchases. Thus it's very difficult for every company to gaining knowledge about the brand loyalty regarding how brand loyalty can build.

Branding melds the concept of marketing with the companies theories thus help to explain the company in a border perspective. It's also forecasting the positive pathway and helps to gain the competitive advantages for the organisation (Schultz and de Chernatony, 2002). For economic point of

view branding also help to save the money for the organisation. Because for loyal customers advertisement cost is not needed. Without any adverting they come vigorously and purchase the goods. So organisation can easily save the cost for promotion and advertising cost (Rao *et al.*2004). For both organisation and customers point of view branding is a unique strategy. In customer point of view its help to reduce the confusion while choosing the product and many reasons are observed when it's come in organisation point of view (Anisimova, 2007). Like loyal customers are not price sensitive, organisation not have to spend much money for servicing those customers and loyal customers are always flourish the brand name and hence organisation get unbeatable promotion in the market. “Compare with the past now loyal customers more focus in a particular brand where as in past they use to buy multiple goods” (Ehrenberg, 1988). “The most important part of customer loyalty is their positive perspective or their behavioural attitude towards the brand, which helps to build a long term relationship between customer and organisation” (Shankar *et al.*, 2000; Reichheld and Sasser, 1990). Through along this behavioural concept is not enough to build a strong brand. “Many other factors like emotion, value and connectivity are also needed to develop a strong brand” (Hatch and Schultz, 2003).

In today competitive world the scope for the organisations are becoming narrow and restricted. Because now a day's the market is very unpredictable. Organisations can compete this market if they have some unique tools and technique. Brand loyalty is one of them which not only help to sustain their loyal customer but also “help to protect the organisation from the competitors” (Metzler *et al.*, 2008). Protect from competitors threats, help to generate revenue and make loyal customers who are less price sensitive. That is the reason brand “loyalty is now took central place of marketing theories” (Delgado-Ballester and Munuera-Alema'n,1999). Many studies are available to explain the concept of “brand loyalty in marketing field one of them is repurchasing and another concept is psychological behaviour” (Fornell, 1992). Recent studies suggest that brand trust is also valuable concept for build a strong relation between organisation and customer. “In the field of relationship marketing it's clearly mentioned that brand loyalty help to reduce comprehend risk for loyalty customers” (Sheth and Parvatiyar, 1995).According to Knox *et al.* (1993) “brand risk is the root of brand commitment which helps to make a strong bond between customer loyalty and brand loyalty through positive behavioural posture towards the brand.” It has been found that the high risk of brand antipathy is more chance to get success or the acceptance is more to the loyal customers.

Brand loyalty schemes add up to consumers' overall loyalty towards a specific retail brand.

B. Customer loyalty

The customer loyalty concept was developed from 1990's but from 1991 onwards it became popular. The basic aim of customer loyalty was to retain their existing customers with the help of loyal brand rather than spending on new customers because after 1990's recession it has been realised by every organisation that gaining new customers was more expensive than retaining existing customers.

According to Szwarc (2005) retention is more powerful than loyalty because loyalty is customer's predisposition towards buying whereas retention is the feature of repeat purchasing. Loyalty can be analyzed from internally but retention must be analyzed from externally. So in profitable point of view loyal customers are important and for promotion point of view both customers are important. Though dissatisfied customers are more harmful for the organisation because they tell more to the people about their dissatisfaction than satisfied people tell why they satisfied. Loyalty and committed customers also are not same. Loyalty customers are purchase product repeatedly but may not be strongly committed with organisation whereas committed customers are strongly attach with the organisation and showing their emotion towards the organisation. Now the concept of marketing is more shifting towards customer centres. Customer loyalty is the core component for customer relationship marketing which mainly deals with intangible service and provides rewards to the customer, the term customer loyalty is now very popular and it's spread throughout the world. So every organisation is now start spending money for improving customer loyalty. According to Reinartz (2005) in 2000 16 big retailers in Europe spent nearly £0.5 billion for improving customer loyalty programme. On the other side because of excellent customer loyalty organisation gain money, one of them is united Airlines. They are earning more than £ 350 millions as a liability in 2003 because of customer loyalty programme describe by Shugan (2005). So customer's great impact on real buyer's behaviour thus effect positively on product or service sales. It helps to earn profits, and build a longer relationship with customer. But researchers are found some difficulty which build the relation, even once organisation are able to build the relation also later on they struggle to maintain that relation. For overcome those problem recently loyalty card programme has been developed by many organisation. These types of card help to keep records regarding the purchasing habit of customer. The definition of loyalty card programme in a kind of intangible customer service which help to build a story personalised relation in between customer and organisation. Meyer Waarden (2004) describe through loyalty card programme organisation are able to described the relationship and they can do by proper identification of loyal customer, maintain and increase the relationship through enhance the output like adding the value for this and serve them to their customer. The main concept of loyalty card programme is to enhance the personal and individual relationship with the loyal customer through direct

and indirect marketing. Thus it is a most important strategic tool for any business. Loyalty card keep the customer buying information thus help to provide individualisation service to customer.

Loyalty scheme is the latest version in the customer loyalty segment this has been found throughout the world. Australian telecommunication and many more (Uncles *et al*, 2003). Now each and every sector of the market using this concept through given reward to their customers. Organisations are now providing rewards either in form of monetary or in nonmonetary manner but the purpose are same (Duffy, 1998). Nonmonetary facilities are including reward, service or bonus. USA Diner Club Card is one of them which are very popular in airline industries and in UK nectar card also popular in retail industries. Recently Tesco Plc also developed their rewards card in form of Tesco club card. Through this kind of reward system organisations are able to understand the customers buying habit and can keep an eye on them.

In recent year the loyalty card program concept has been developed hugely in marketing segment as a part of loyalty program and this loyalty program is of one the financial aid for every business. Because of its unique feature (customer retention, customer relationship marketing) it's now a valuable segment of marketing field. The key concept of loyalty program is to provide the special service or reward to the loyal customers and promote organisation's loyal behaviour in front of loyal customers for gaining customer concentration and stronger their business for a longer period of time (Stausset *et al*, 2005).

The reason for popularity of this program is its strong attachment with customers. This strong attachment helps to bring the profit through repeat purchases and through reducing the operating cost for the loyal customers (HO *et al*, 2009). Loyal customers are not only purchases frequently but also their reference are valuable for the organisation because its acts as a strong promotion. For this reason many organisation are introducing several loyalty scheme. In UK more than 2000 loyalty scheme are available. According to Lovelock and Wirtz (2008) though many loyalty scheme are available in the market but due to poor focus on loyalty scheme, deficiency of monitoring by top management, poor operational support, lack of customer trust and customer focus some of them are not getting success. Whereas some of are getting huge success through using and monitoring this loyalty scheme. Tesco loyalty scheme (club card) is one of them. From past 12 years due to effective use of loyalty scheme Tesco has been developed 14 million customers how help Tesco to lead the UK retail market. Now many retail firm are start to developed their loyalty scheme program for generate the profit through build a strong customer database as a result extensive and tougher competition are arise between same industry. Due to help of loyalty card organisation can identify who are the price sensitive

customers and who are not. So now they can put one price for their all customers and can able to service both price sensitive and price insensitive customers. Through loyalty card program organisation can give several rewards or rebates to their price sensitive customers for gaining their concentration towards the organisation. Though they have to maintain good relationship with their price insensitive customer because they are the loyal and do not need any special service for buying organisations products. So in a broader spectrum loyalty card is important for both price sensitive and price insensitive customers. Because for price sensitive customers they have to provide something and for price insensitive customers they do not have to give anything thus save organisation's cost. The main aim of loyalty card is to increase repeat purchases, strengthen the relationship and to build switching cost through rewards program (Carlsson and Lofgren, 2006). Strong switching cost can also increase the customers trust.

Many researches are found their concept regarding customer loyalty and brand loyalty contrast with relationship marketing. Uncles *et al.*, (2003) demonstrate two important aim of customer loyalty for every business. One is enhancing the revenue through repeat purchases and other is making a strong bond between customer and organisation and maintains that customer base. For future prospective both are very important.

According to Kivetz and Simonson (2002) loyalty program is an intelligent and unique concept which gaining the customers feeling and provide special service by reduce cost to customers. It also helps to identify both the loyal and the repeat purchases customers.

Mayer-Waarden (2008) stated that two possible effects of loyalty programmes on purchase behaviour and those are differentiation loyalty and purchase loyalty. Differentiation loyalty for those customers who are not price sensitive but now in retail market price sensitive people are more than price insensitive people. So impact of purchase loyalty in retail market is more than differentiation loyalty. Purchase loyalty can be created firstly short term through "point pressure" and secondly long term through "rewarded behaviour" (Taylor and Neslin, 2005).

Allaway *et al.* (2006) described that loyalty is an attitude and thus it has positive psychological attachment and true commitment which reflect as a trust and confidence towards a particular brand. Dick and Basu(1994) stated that loyalty is the combination of both attitudes and behaviour which deal with individual data. Rowley and Dawes, (2000) argue that loyalty program is help to increase repeat purchase, customer retention and promotion through loyal customer's recommendation. According to Allaway *et al.*, (2006) loyalty card is the major tools for loyalty programmes which accumulate customer's buying habit during purchase time through scanning system. It does accumulate every data like product purchase by the customer's, price, time, date and so on. These data are really helpful for the organisation because

they can use these data for making an effective strategy and can build a relation with particular customers.

Loyalty schemes card help large retail organisations to track and retain their customers.

III. METHODOLOGY

This research is based on secondary data that is literature review which has been taken from several external sources. According to Wilson (2006) secondary data is very important to support the primary research and it is important because of:-

- ❖ Literature review which is always based on secondary data is help to distinguish the research gap.
- ❖ It helps to provide the road map and also provide the favour and disfavour information from the previous research which might be helpful for the current research.
- ❖ To achieved the research objective its help to provide the supportive information.

Several sources are used to build the literature review and those sources are textbooks and journal articles located in British Library, textbooks from Ethames graduate School Library, University of Strathclyde Main Library, Glasgow Caledonian University Main Library, online resources like Google advance search. All of these secondary data are help to build the frame work on relationship marketing, brand loyalty and customer loyalty for this research and help to meet the research objective.

IV. CONCLUSION AND RECOMMENDATION

Conclusion

The main focus of this research was to find out the impact of relationship marketing on the customer retention in Tesco perspective. Tesco has very effective strategy to implement relationship marketing through club card program. The direct aim of this study was to find out the success of club card program in order to increase customer retention. This research studied three main business practices such as relationship marketing, brand loyalty and the third is customer loyalty through literature review. On the basis of background research about relationship marketing this research has found that relationship marketing is the best strategy for gaining strong customer retention and it has long track record of success. Relationship Marketing is not very easy to implement in any kind of business, it needs systematic planning and dedication of the firms. Many companies are not getting success in order to implement relationship marketing because they are lack of knowledge, lack of planning and trying to see the result immediately as this research has found. Success of relationship marketing depends on the time and proper planning. It is also found from this research that keeping

customer's record is the basic requirement of the relationship marketing and most of the companies are not using appropriate technology to keep and maintain customers' records and they are not able to retain their customers. Knowing the customers and their behaviour of shopping is the key to implement a relationship marketing strategy. Most of the businesses are now trying hard to provide excellent customer service and good quality products but sometime customers are not willing to get all these services only. Customers feel more satisfied and intend to come back to the same place or same business when they get the services beyond their expectation. Providing better service to the customer than they expect must be the main focus of relationship marketing. Tesco strategy of relationship marketing is getting success. Since the time Tesco launched its club card with the consultancy called Dunhumby, it is achieving the higher customer retention. Club card program is not only helping Tesco to keeping records of its customers but it is helping in many ways such as knowing the customers shopping behaviors, their interest and the value of customers.

This research aimed to evaluate the importance of the customer retention policy through relationship marketing, brand loyalty and customer loyalty which have been established through literature review.

Relationship marketing is very effective strategy to keep customers record and maintaining a long term relationship in order to retain them. The search found that brand loyalty is the key to attract new customers with having managed a good relation with the existing customers. Earning brand loyalty is quite difficult for a retail business according to the previous researches it takes a long time to earn brand loyalty if the business is involved in the retail sector. Brand loyalty to a retail business is totally depends on its product quality, product prices and the selection of product manufacturing companies. Brand loyalty plays a great role in achieving customer retention; this research has found the importance brand name. Tesco has succeeded in obtaining great brand name in case of food industry. Another reason behind the good brand name of Tesco is its convenient location for the customers. Customers are very satisfied with the location of Tesco stores because they don't need to travel a long distance to do shopping for their daily requirements.

Recommendations

On the basis of this research it has been found the importance and strong correlation between relationship marketing, brand loyalty and customer loyalty for customer retention policy hence further primary research is needed for the same.

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