A Comprehensive Analysis of Customer Retention in the Retail Industry: A Case Study of TESCO Plc.

Sanmoy Chatterjee

Research Scholar, Shri Jagdishprasad Jhabarmal Tibrewala University, Jhunjhunu, Rajasthan (India)

Abstract:-

Purpose: - **The purpose of this research is to discover those factors which lead to enhance the business success through effective use of some parameters like relationship marketing, brand loyalty and customer loyalty.**

Design /Methodology/approach: - **In this research the result of an empirical survey of 40 participants for three parameters has been taken for measuring the strength of the relationship marketing, brand loyalty and customer loyalty.**

Findings: - **The finding of this research is clarified that the positive impact of loyalty card programme on the overall customer purchasing behaviour is significant. To gaining and retaining the market position in the competitive environment relationship marketing, brand loyalty and customer loyalty are play the important role.**

Practical Implication: - **This research is tried to demonstrate how the relationship marketing, brand loyalty and customer loyalty are important in the retail market.**

Originality/Value: - **From a theoretical point of view the research result elucidate how relationship marketing, brand loyalty and customer loyalty are interlinked with each other. From a practical point of view, it explains why and how all those parameters are important in retail industry. The contribution of this project is to empirically demonstrate that those customs are holding the loyalty card having more relationship with the organisation compare to non-card holder.**

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

I. INTRODUCTION

This article is the continuation of the previous article which was on "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." Through the previous article, author has demonstrated the importance of *customer loyalty, relationship marketing and brand loyalty* in retail industry. The previous article was only focus on the literature review whereas this article will provide complete methodology, data collection, data finding, conclusion and recommendation on customer retention policies of retail industry with respect to Tesco.

The concept of customer loyalty has been evolving in-between 1950's to 1970's. After Second World War the economic condition was turned downward in western world but the condition was gaining a good shape from early 1960's. But still organisations are not concentrated on the customer satisfaction. From 1970's they are stated focusing on customer satisfaction through customer service and it has been found first in travelling industries. After 1970's, 1980's became very important because many management theories has been found on those year like total quality management (TQM), just-in - time (JIT) and so on. From that time organisations are start focusing on customer satisfaction and customer loyalty but still that was not up to that mark. Then in 1990's due to the recession every organisation was losing their market and from that time concept of loyalty card (also called balanced score card) and customer relationship management (CRM) has evolved. Inventors of balance score card 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).

Now the market is very competitive thus sustain in this competitive market is the challenge for every company. To succeed in this competitive market, organizations need to focus on relationship marketing, brand loyalty and customer loyalty. These are the intangible resources which help to gain the market share for the organization through repeat purchases (Normann and Ramirez, 1994).

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

This club card program was started in 1995 and there is no extra charge to get club card for 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. Generally customer get 1 points for every 1GBP that means 1GBP = 1 Point = 1 penny so for every 100 points customer gets £1 discount coupon. On some special offers, Tesco double up the club cards points to retain its customers. Tesco sends this discount coupon to the customer's home address through mail. In order to earn long run customer

loyalty club card program is the most successful strategy of Tesco.

The following diagram is showing what Tesco expect from its club card program and from other value added services to maintain longtime 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 - 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.

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

3. Customer Relationship – Tesco has also introduced very successful and most effective customer relationship strategy in order to maintain a strong relation with customers. Tesco has three types of schemes to maintain the relationship with its customers first is gift , second is reward and the third scheme is enticement.

AIM:

An evaluation of the effectiveness of the Tesco club card as a customer retention tool

Objective:

- Evaluating the customer relationship marketing for one of the biggest retail organisation like Tesco.
- Examine the importance of the loyalty schemes and its tracking capability for retaining the customers for a big retail organisation like Tesco.
- Examine the ability of the loyalty schemes to add up the consumers' overall loyalty towards a specific retail brand like Tesco.

II. LITERATURE REVIEW

This literature review is the integrated form of relationship marketing, brand loyalty and customer loyalty concept because all of this concept are inter link with each other. The previous article was "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." As the previous article was focused only on literature review thus this article will not highlight much on literature review. One of the paramount subject of this research is customer retention policy and customer retention has three major arms and those are relationship marketing,

A. Relationship marketing (RM)

From past few decades the concept of relationship marketing has been change. Instead of relationship marketing it is now called as customer relationship marketing (CRM), which was developed in USA. In 1981 USA airline introduce Advantage as a name of customer relationship marketing (GAO Report, 1996). Through Advantage they offered free travel and some unique facilities to their customers. After few months they notice their existing problem was overcome.

Relationship marketing is intangible resource and it is a system based tools (Szwarc, 2005) which helps to create longer and stronger relation with customer and organizations. According to Stone *et al* (2004) through relationship management organization can develop loyal customers.

Relationship Marketing is not the ordinary promotional tool, it a unique tool for the organisation. The traditional concept of relationship marketing is now shifting toward loyalty and customer loyalty. The difference between traditional marketing and relationship marketing illustrate in table 1 below.

Table 1

	Traditional	RM
Concentrate on	Individual sale	Customer retention
preference	Product characteristics	Product benefits
Time period	Short	Long
Degree of customer	Low	High

service		
Allegiance	Bounded	Wide
Reaching to customer	Moderate	High
Quality	Focus on production	Focus in each and every aspect.

Source:- Ballantyne *et al.*(2000)

After intensive research on relation marketing, researchers are come up with some categories of relation marketing. They identify three main types are involve in relation marketing and these are database, interaction and network. In many point transaction marketing and relation marketing are same but they are not.

Table 2 is outline of type of relationship marketing and how it is different from transaction marketing.

Table 2

	Transaction marketing	**Database RM**	**Interaction RM**	**Network RM**
Stress on	Individual economic dealing	Information and economic dealing	Relationship between buyer and seller	Associated with inter-firm relationships
Who	Firm and customers in general market	Firm and customer in targeted market	Single seller and buyer	Sellers, buyers and other firm
Communication	Firm to market	Firm to individual	Individual to individual	Firm to firm
Continuity	One-off (but may repeat)	One-off but repeats	Continuous and mutually adaptive	Continuous, stable but dynamic

It has also found that the emotional component is very crucial for relationship marketing. To build a strong emotional background brand loyalty play an important role. Brand loyalty is an integrated part of relationship marketing segment. Thus this study highlighted that more or less every organisation are try to implement relationship marketing:-

H1. *Large retail organisations implement relationship marketing and getting success from it.*

B. Brand loyalty:-

Brand loyalty is now one of the powerful and new innovative tools for every business (Jensen and Hansen, 2006) for building an impregnable relationship with customer and it's a one of the well know CRM activity in marketing segment. It helps to bring and sustain the success of the business through increasing the market share and hence bring the profit for the organisation (Buzzell *et al*., 1975; Raj, 1985; Reichheld and Sasser, 1990).

"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),.). 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).

In brand loyalty direct and indirect creations are important. When consumers are using the particular brand directly then they can satisfy thus direct creation can come. Indirect creation can happen through strong promotion from advertisement, brand reputation or from recommendation from existing loyal consumer. Among all of these methods direct experience is more authentic and valuable for creating brand trust and meets the consumer expectation (Delgado-Ballester and Munuera-Alema´n 1999). If any organisation can able to do so than customer loyalty can be build easily. Hence we study brand loyalty is important for every organisation:

H2. Brand loyalty schemes add up to consumers' overall loyalty towards a specific retail brand.

C. Customer loyalty

The customer loyalty concept was develop from 1990's but from 1991 onwards its became popular. The basic aim of customer loyalty was to retaining their existing customers with the help of loyal brand rather than spending on new customers because after 1990's recession, it has been realized 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.. 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.

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. 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.

H3. Loyalty schemes card help large retail organisations to track and retain their customers.

III. RESEARCH APPROACH

This part is basically for the investigation of those research objectives which are discussed in chapter 1.3 through secondary data collection. The main source of secondary data was journal articles, text books, newspapers and internet based on "Customer Relationship Marketing", "Brand Loyalty" and "Customer Loyalty". The secondary data analysis is help to make a structure for the research and provide further knowledge for the research analysis through interpolation and knowledge from existing data (RDI Unit 2, Lesson 1, Research method, 2009). The primary research technique is the main part for this research which is based on the secondary data of "Customer Relationship Marketing", "Brand Loyalty" and "Customer Loyalty". The primary research technique has been develop through face to face interview and data were collected from the forty participants who were showing positive attitude on the "Customer Relationship Marketing", "Brand Loyalty" and "Customer Loyalty" (Firat and Venkatesh, 1995, p.41).

In-depth interview: This research is done by in-depth interview. In-depth interview is one of the well-known technique form of qualitative research. According to Szwarc (2005) sometimes in-depth interviews is more appropriate than focus group technique. The over view are describe why it is more appropriate than focus group regarding this research.

> Participants are geographically sprinkled.
> By the help of in-depth interviews other people influence would be avoided and concentrated solely to the single respond.
> This technique is truly based on the individual respond.
> Individual opinion is needful in this research that's why in-depth interviews are more appropriate than focus group.
> This research is developed on tracking of the individual behaviours which can be found only from the in-depth interviews.

This research has been developed on face to face interview because the body language and facial expression can observe from participant. The interview questionnaires for this research is based on structured form were the questions has been set already. The approaches of those questions are open-ended questions. Another two skills has been used to developing this research and those are proving questioning technique and dynamic listening skills. To increase the validity and treatability of this research different respond has been chosen from different location of Tesco.

Secondary research

This empirical investigation is based on primary data and for supporting the framework secondary data has been applied and taken from several external and internal sources. According to Wilson (2006) secondary data is very important to support the primary research and it is important.

1. Coordinating Primary Objectives from Secondary Data

Table 3: Aligning Primary Objectives from Secondary Data

Research Objectives	Research Questions	Co-relation with literature Review
The way to implement relationship marketing by large retail organisations.	What made them to shop in a retail shop?	Customer relationship marketing – Szwarc (2005).
Understand how loyalty schemes help large retail organisations like Tesco to track and retain their customers.	How they came to know about Tesco's club card loyalty scheme and why they adopted it?	The influence of loyalty programme membership on customer purchase behaviour - Mayer-Waarden (2008)
Are the brand loyalty schemes really add up to consumers overall loyalty towards a specific retail brand like Tesco or not.	In what way customers are receiving benefits from loyalty schemes?	An empirical examination of brand loyalty – Anisimova (2007) .

Primary research

This is one of the most important parts of the research where the main research methodology (primary research) for this thesis has describes.

1. Research Philosophy

This research is based on qualitative methods and developed on 'objective' guided research. According to Kumar (2005) using of qualitative and quantitative methods are depending upon the nature of the research. Kumar (2005, p.9) also describe for the 'objective' guided researches qualitative research is suitable than quantitative research. Szwarc (2005) acknowledge this view and according to him qualitative research is the good way to demonstrate for the customer satisfaction based research because qualitative research is flexible in nature which is very much needed in customer satisfaction based research. Holt (1995, 1997, 1998, 2002) also demonstrate the for 'objective' based research qualitative methods is the ideal one.

2. Research Design

According to Wilson (2006 p.32) research design is another important aspect of research and should be consist of-

Kumar (2005, p.10) further developed the view of Wilson's (2006) research design and divided in four segment and those are –Exploratory Research, Descriptive Research, Explanatory Research

Correlational Research

Description of Explanatory Research: *". . . Attempts to explore and explain why and how there is a relationship between two aspects of a situation or phenomenon…for example, why successful living results in heart attacks." (Kumar, 2005; p.10)*

Significance of Explanatory Research: Explains the consequences of an effect from different causes. It also explains relationship between the ultimate effect and the individual set of causes.

This research is examine all about the relationship marketing along with brand loyalty and customer loyalty and from getting the overview from the research design it's reflects us that this project has followed 'Explanatory Research', designed to determine relationship between changing customer behaviour and its effect on everyday brand consumption.

*3. Designing concept***: -** Considering objectives from Chapter 1.3, the primary research mainly relationship marketing along with brand loyalty and customer loyalty (Denzin and Lincoln 1998). Secondary data indicated application of appropriate qualitative methods from theoretical background is

advantages over quantitative methods. Moreover the tradition of following anthropological methodologies in consumer research is most popular among advanced socio-cultural brand researchers, e.g., Holt (1995, 1997, 1998, 2002); Fournier (1998a, 1998b).

Considering previous works of Holt (1997,1998, 2002) and Fournier (1998a, 1998b) four qualitative methodologies from anthropological background were short listed based on reviews gathered from secondary data; emphasis were made to understand previous applications, outcomes and effectiveness of individual methodologies. Selected methodologies were compared against certain benchmarks for meeting the expectations of this study, accordingly the methodology which promised to best support the achievement of research objectives was finalized (Wilson 2006, p.32).

Sampling Process

This thesis was developed by adopting six step sampling process which is developing by Wilson's (2006 p.196). Identification of 'individual of interest' is the first step for this sampling process. Following the concept of interested population describe by Holt (1995, p.1), those individual who are exceedingly concerning about a particular brand of product and service was selected for this project.

Those data which was obtained from interested people help to provide a significant information towards this research and help to determine how relationships marketing, brand loyalty and customer loyalty help to improve the organisational business over a period of time.

Sample or Census: This is the next step of sampling process which was providing the information about whether to carry out sampling or census (Wilson 2006). Standard sampling process has followed for this study because of the time limitation.

Sampling Frame: Data getting from the interested participant which help to developed sample frame for this project. According to Wilson (2006, p.198) sampling frame help to identify who are the interested people for the specific project and who are not. For getting proper data regarding relationship management, brand and customer loyalty 40 individuals has been selected for this study.

Selection of Sampling Method: Mainly two type of sampling methods are available which are based on statistic (Wilson 2006, p.199). Table 4 is the chronological representation of those types.

Table 4: Types of Sampling

Sampling type	Description	Sampling Methods
Probability	Here the samples are objective based, interested participant are not case specific, this is an expensive method and sampling error can identified. *(Wilson, 2006; p.199)*	Simple Random Systematic Stratified Random Cluster
Non-Probability	Here the samples are subjective based, interested participant are case specific, this is not expensive methods like probability and sampling error cannot identified *(Wilson, 2006; p.200)*	Convenience Judgement (Purposive) Quota Snowball

This research is based on non-probability and quota sampling. There are two reasons to select the non-probability compared to probability and those are- the cost and the time can be safe easily from this methods, secondly the most important participants can be identify easily. Nowadays non-probability sampling is most popular in market research because of its easier, quicker and economic features. This sampling also helps to focus on the most important issues.

Wilson (2006 p.200) and Swzwarc (2005 p.114) mention the four main types of methods for non-probability sampling and those are namely: convenience, judgement, quota and snowball sampling. This research is based on quota sampling and the reason behind it that's researcher can select the interested respond according to race and gender and so on (Bryman 2004; Wilson 2006). Quota sampling is most popular methods among non-probability sampling. Here random selection not prioritises but is stratified. As this is a part of non-probability type so selection of the respondents are subjective basis.

.Sample Size: For this project sampling size is forty individuals which divided into two parts. According to Wilson's (2006) sample size is directly related with financial and statistical issues where young researchers are found difficulties. But it can be overcome by following former studies and guideline in order to achieved response rate for the project (Wilson, 2006).

Face to face in-depth structured interviews was done on forty individuals and achieved enough data to meet the research goal

Issue of age: For this project wide range of age limit was selected between18-60 years. The reason to select this wide range is to getting wide varieties of personal views regarding customer brand relationship (Fournier 1998a, p.347).

Issue of gender: This research is based on Holt's (1998) views where issue of gender has not been prioritised

Issue of socioeconomic status: This is another important aspect for this project because many researchers are describe that the customer-brand-relationship is depend on the financial status of the people and on the limited market access (Collin 1976). Hamilton (2005) describe that the low income consumers are buy expensive goods and strongly attach with the brand. Holt (2002) also agreed this view and provides some comment that:-

"*Cost becomes irrelevant in these dramas....because it is through shopping that he can best demonstrate…consumption*" - Holt (2002, p.76)

Implementation of sampling procedure: This is the last and final sampling procedure. The implementation of sampling procedure for this study has followed Wilson (2006, p.213) views and studies done by Holt (1997, 1998, 2002) and Fournier (1998a, 1998b). Homogeneity of the response has been maintained throughout this research. By doing so overall picture was obtain from individual participant regarding customer brand relationship.

Data Collection

For getting the effective results from individual participants regarding customer brand relationship for this project, data collection has been followed face to face in -depth interviews (Wilson 2006, p.107). This face to face in-depth interview also describe as "*Narrative interviews*" (Burawoy, 1998). The hole data collection method has been followed Wilson's (2006) "Qualitative data collection" method, e.g., length of the topic, location of the topic (Wilson 2006, p.107- 123).

Nature of interviews: Compare to pairedinterview single face to face interview has been conducted for this research (Wilson 2006, p.109).

Place of interview: According to Holt (2002) and Founier (1998) the place of interview has to be selecting purposefully forgetting the good results. For this project several size of Tesco out has selected like Tesco Express, Tesco Metro and so on. The reason for selecting of those different sizes of Tesco outlet is to getting several types of respondents regarding customer brand relationship.

Questions content: Wilson's (2006, p. 108) "Topic List" was followed for this research. Each and every interview maintained the same guideline and the same standard regarding the questions. The agenda was purposefully made in such a way so that research objective can reach the goal

(Wilson 2006, p.215). Interviews were started by "conversation with purpose (Manson 1996). The Topic list for this research has always maintained the same guideline throughout the discussion, where its start with revolved around evaluation and the genesis of the subject on customer brand relationship. Those questions were open ended and descriptive in nature.

Project Technique: To ensure a reach description of personal feelings regarding customer brand relationship project techniques (Wilson 2006, p.119) were purposefully apply on every interview. For example based on type of questioned were help to achieve the clear understanding the topic (Wilson 2006, p.119).

Interviewer: "Do you thing Tesco Club Card add extra value to your whole shopping experience? Please specify how. Do you think the club card scheme has changed your attitude towards Tesco? In what way?"

During the sampling procedure all interviews were stored in effective way to maximise the purpose of the research. Each and every individual recommendation also has been kept for reaching the research goal. Finally all the data regarding customer brand relationship has gathered and evaluate in the data analysis part.

IV. DATA AND ANALYSIS

For addressing of this section, correlation method has been choosing by the researcher. Correlation method is help to find the appropriate relation between two variables and generally done by statistical methods, After getting the results scattergram gram is apply generally. On the basis of the survey, two types of customer categories have been found. First category is of those customers who are holding the club card and second who are not having club card.

Through this data analysis methods researcher is going to measure the relationship between the relationship marketing and customer retention. Because the customer retention cannot be measured directly so two main variables decided to measure in this research for achieving the aim of this project

X= Customers average weekly visit (approximate visit).

Y = per week total shopping value in GBP (approximate value).

The relationship between these two variables will be measured for both type of customers, club card holders and club card non holders.
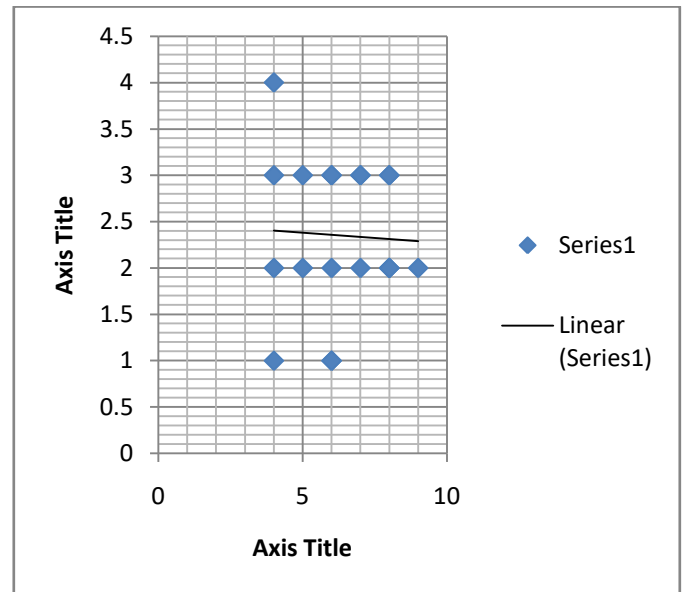
Club Card Holders Customers Shopping behaviour

Sl No.	X= Customer Average weekly visit (approximate visit)	Y = per week total shopping value in GBP (approximate value)
1	7	62
2	8	78
3	6	67
4	4	68
5	5	52
6	7	68
7	4	81
8	6	69
9	7	72
10	8	48
11	4	62
12	8	63
13	4	68
14	9	77
15	6	82
16	5	83
17	8	91
18	6	69
19	6	62
20	8	78

Correlation between these two variables is found as below.

$$r = \frac{\sum XY - \frac{\sum X \sum Y}{N}}{\sqrt{(\sum X^2 - \frac{(\sum X)^2}{N})(\sum Y^2 - \frac{(\sum Y)^2}{N})}}$$
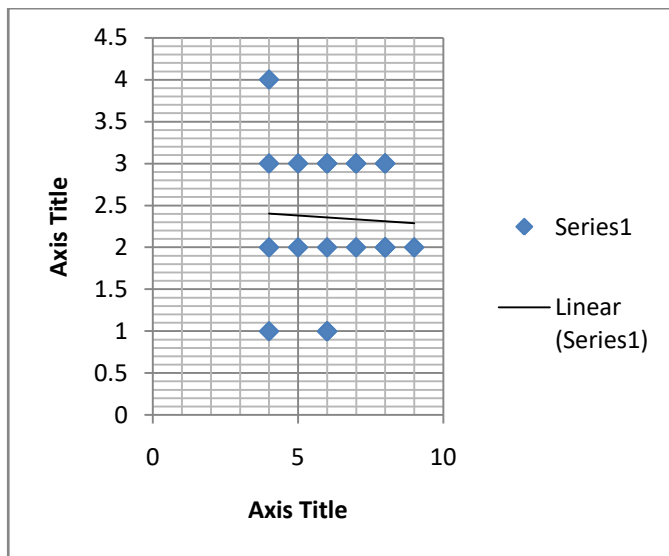
R (correlation coefficient) = 0.074282

This is the positive relation, that mean the club card holders customer visit more to Tesco do shopping from there..

Non Club Card Holders Customers Shopping behaviour

Sl. No.	X= Customer Average weekly visit (approximate visit)	Y = per week total shopping value in GBP (approximate value)
1	7	3
2	8	2
3	6	1
4	4	3
5	5	3
6	7	2
7	4	4
8	6	1
9	7	3
10	8	2
11	4	1
12	8	3
13	4	2
14	9	2
15	6	3
16	5	2
17	8	3
18	6	2
19	6	3
20	8	2

R (correlation)   = -0.044724686

This is negative correlation between these two variables that shows that customer who does not hold club card some time visit to stores as other customer but they do very less shopping and they are not retained.

V. FINDINGS

As this research is based on qualitative data so researcher used some combination and compile those direct quotes gave by respondents towards the relationship marketing, brand loyalty and customer loyalty. Out of many interview questions researcher focuses on the key themes for find out the results. For this research many key themes are important and some of them are described below with the direct quotes (while presenting the direct quotes the overall maximum views are described) gave by participant.

- How often do you shop in Tesco?
  It has been found that nearly 80% people who are holding club card holders are coming more frequently than non club card holder.
- How much money you spend weekly while you shopping in Tesco?
  Here also club card holders are spending more money than non club card holder.
- What is the reason you to come back to Tesco again?
  Mixed respond was observed while answering this question.........nearly 32% of customers are like the Tesco brand, about 34% are very closely attach with the Tesco employees and due to their good relation they are coming and nearly 31% customers are very loyalty to Tesco because of that even some time they don't bother the price also.
- Do you think those loyalty schemes make you loyal to those particular brands?
  Nearly 80% of participants do agreed that loyalty schemes make them loyal but some of them also disagreed this view.
- Do you think Tesco Club Cards add extra value to your whole shopping experience? If yes, please specify how?
  More than 90% respond was yes and the reason was it helps to enhance the relationship marketing, brand loyalty and customer loyalty.

- Specify out of the relationship marketing, brand loyalty and customer loyalty parameter which is the most important parameter for you for preferring Tesco.
  Some mixed view was got while addressing this question. Because this research is conducted on several type of Tesco so they respond is mixed. Tesco express is small size and here customers are coming mainly because of relationship marketing, whereas Tesco metro's customers are coming because they are loyal customer and Tesco extra are mainly for the people who are brand loyal.
  All those direct quotes are very important for this research which helps to find out the research objective for this research. The following part is describing some key themes on the basis of mixed responds. As it's already mention that several type of Tesco has been selected for this research and those are Tesco metro, Tesco express and Tesco extra. The numerical numbers (compare with 100) are representing the approximate customers view towards the relationship marketing, brand loyalty and customer loyalty in a specific Tesco. All data are approximate data which is represented below.

Tesco Type and address	Relationship Marketing	Customer Loyalty	Brand Loyalty	Other	Pie chart
Tesco Metro (346 Green Street, Upton Park, E13) (pie chart 1)	30	40	27	3	
Tesco Express (1 Pilgrims way, East Ham, London E6 1HT)(pie chart 2)	60	12	26	2	
Tesco Extra (Beckton {Extra}. 1 Armada way, Royal Dock Road London, E6 7FB) (pie chart 3)	27	17	55	1	
Tesco Metro (13-16 Broadway Centre, Hammersmith, London W6 9YD) (pie chart 4)	33	47	18	2	
Tesco Metro (Unit 326-328 Shopping Centre, Elephant & Castle, London, SE1 6TB) (pie chart 5)	20	40	35	5	

It is clear that all these three parameters are very important for Tesco to retaining the customers. After doing the average value of all those parameters the results are like 34% of customers are coming for relationship marketing where as 31.2% are coming for the customer loyalty and 32.2% are coming because they like the Tesco as a good brand. So the finding results are going with the hypothesis of the research.

VI. RESEARCH LIMITATION

This project is based on primary research were face to face interview has been done. During this face to face interview several limitations has been observed and those are mixed bias response (those people are like other organisation than Tesco but because of some reason they are coming to Tesco are not answering properly) and lightly answer on the interview topic not in deeper sense. Time is another limitation for this research. Because of limited time (many of participants are not showing their interest towards the interview may be because of time) research has to restrict with forty respondents where may be the quality has compromised. Because of the limited time researcher is unable to find some more literature regarding the topic. Because of time limitation several complication of "Relationship Marketing" "Brand Loyalty "and Customer Loyalty" was not been highlighted in this research. So further research is needed for evaluating the complication of "Relationship Marketing" "Brand Loyalty "and Customer Loyalty"

VII. 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. 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 as the research data has found. Since the time Tesco launched its club card with the consultancy called Dunnhumby, 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 behaviours, their interest and the value of customers. In a survey under this research, it is found that even Tesco has good planning and strategies, its customers have some complaints against Tesco Club Card. These are very few customers in number but they can make big difference if their complaints could be taken seriously. The complaint from these customers was regarding discount coupon which should be provided them under the scheme of club card but these customers are not getting any coupons for long time however they are using their club care in every visit. It shows that there is some problem in Tesco customer record management system. The overall finding of this research about relationship marketing is that this is very long term process and once implemented carefully, any business can retain its customers in long run.

This research aimed to find out the impact of brand loyalty as well on the customer retention. Overall nearly 31.2% of people are coming because of brand loyalty and overall nearly 34% of people are coming because of the effective relationship marketing done by Tesco. 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 that most of the customers have started shopping from Tesco just because of its brand name. Tesco has succeeded in obtaining great brand name in case of food industry. Most of the customers replied in a survey that the food products of Tesco are the first attractions for them to visit regularly. 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. Whereas the survey has found that in some areas of London Tesco is facing big competition because of other shopping malls such as Sainsbury and ASDA. Tesco needs to introduce stronger strategies to retain its customers than the competitor's. Customers who rarely visit to Tesco has replied that the schemes such as Tesco club card is also running by the competitors so there is no point to switch their shopping pattern from others to Tesco. Even Tesco has a good brand name, it has to take business competition seriously because customers are always free to switch if they feel that switching cost is very low. Only club card program cannot be helpful to maintain customer retention in long run for Tesco. Relationship marketing and brand loyalty both goes parallel as it has been seen throughout this research report. Once a brand name becomes famous among the market and people it becomes harder to maintain it and the reason is because of the brand name customer's expectation goes higher and they never want to accept poor quality product from the business.

Finally this research aimed to figure out the impact of customer loyalty on the customer retention. Overall nearly 32.5% of people are coming because of customer loyalty. Research has found that gaining customer loyalty is also a part of relationship marketing but it needs more effort than keeping and maintaining customer record of their shopping behaviour. Customers become loyal to the business whenever they get the services in such a way that it exceeds their expectations. According to secondary data collected through the survey done, most of the loyal customers of Tesco are satisfied with the customer service, product price and club card program of it (Tesco).

Overall research has found that the Tesco club card program is very successful strategy of customer retention. Most of the existing customers are using club card and getting all the benefits from the club card schemes. In some cases some customers are switching to the competitors and finding the reason behind this is quite difficult through conducting a small survey or survey with a small group of customer. Some customers argued that they are unable to travel to Tesco from their home on the regular basis even if Tesco is quite cheaper than those where they do shopping every day. There must be strategies to take customers feedback on regular basis in every area because existing customers might be looking for improvement in the services they are getting and new customers might be looking for the benefits that they can get from Tesco. In this competitive economy, retail business has to pay extra attention in order to gain customer retention through all three discussed practices such as relationship marketing, brand loyalty and customer loyalty. Once a customer retained, he must be paid proper attention by the retailers and none of the customers must be taken for granted. They must be provided the best quality of services throughout their relation with the company.

From the findings part it is clear that all these three parameters are very important for Tesco to retaining the customers. After doing the average value of all those parameters the results are like 34% of customers are coming for relationship marketing where as 31.2% are coming for the customer loyalty and 32.2% are coming because they like the Tesco as a good brand. So the finding results are going with the hypothesis of the research.

The following part of this research has tried to find out some way or the recommendation for the organisation to improving their relationship marketing, brand loyalty and customer loyalty for retaining their customer.

VIII. RECOMMENDATIONS

On the basis of this research report some recommendation has been given below for relationship marketing, brand loyalty and customer loyalty. All these three aspects are most important part in this world of business competition.

Relationship Marketing -

Relationship marketing is one of the most successful strategies for earning strong customer retention as this research has found. In other words those companies don't have an effective planning to maintain long term relation with their customers. In order to introduce an effective strategy to manage the relationship with the existing customers a systematic approach is required because it is already mentioned previously that managing the existing customer is easier than acquiring a new one in many aspects. Some steps mentioned below to introduce an effective relationship marketing plan.

1. Understanding the Customers Behind his/her every visit.
2. Segmenting customers by their Behaviours.
3. Designing a Specific Content in order to meet Customer's Needs.
4. Measuring Business Success.

These are main steps to follow in the relationship marketing. The relationship marketing needs extra effort; it is not very short running program. All those steps are being explained below to give a better understating for implementing a relationship marketing strategies.

1. Understating the Customers Behind his/her Every Visit.

This is very basic and most important task to understand more about customers. Though Tesco already applying this kind of concept but still they can improve it by focusing every time whenever there is an interaction with customers, it gives an opportunity to know about customers.

2. Segment your Customers by Their Behaviour.

This is the next step of the best practice of relationship marketing. For greater impact on relationship marketing

Tesco can segment their customers which can help in many ways to keeping records of customers for earning a long term relationship. The segmentation can be done by grouping the customers according to their value to the organization and their needs.

3. Introducing a Specific Plan to meet the Customers Requirements.

In the third step, Tesco must have a proper planning or strategies to meet the customers' needs. That means after acquiring the customers' data about their behaviours and their needs organization should carry out all possible processes to fulfil customers demand.

4. Measuring the Success.

This is the final step of measuring success of the Tesco relationship strategies. How the Tesco is performing after implementing this strategy, the overall profit and customer retentions must be measured systematically to get more improvement in future.

Brand Loyalty

Relationship marketing also provides a way to maintain brand loyalty. Brand loyalty is determined by the customers favourable brand attitudes. To develop a loyalty to a brand customer must like the product. It is also recommended that all the existing customers must be reminded every time of the value of purchase they do and must be encouraged to visit again in future. Advertising is very critical before and after the sale in order to encourage the repeat customers purchase. Advertising on the other hand plays a great role in creating brand loyalty. Advertising reinforce and shapes the attitudes of consumers and finally the brand become their beliefs and that must be reinforced every time till they become a loyal customers of a particular brand. In order to create and maintain a brand loyalty there are steps has been recommended to follow.

1. **The entire Product must be unbeatable.**
2. **Give incentives to customer on repeat purchase**
3. **Provide Best Quality Product.**
4. **Most Valuable Customers must be treated well.**
5. **Try to Sell own Brand rather than competing one**
6. **Go to the Customers**
7. **Provide the Best Customers Service.**

Company future growth depends on the brand loyalty, so company has to be aware of the market all time and the most important is knowing your customers by collecting there feedback time to time.

Customer Loyalty

Strategies to gain a strong customer loyalty may depend on the business. Customer loyalty must be an ongoing programme in every business. Some experts suggest that to gain customer loyalty you must provide an excellent customer service to your customers. Some of the most important points have been already discussed above within Relationship Marketing and Brand Loyalty that could also be effect to gain customer loyalty. Here some more steps have been explained to take in order to achieve a good customer loyalty.

1. **Encourage your Employees to gain Customer Loyalty-**
2. **Try to make customer's life easier and take care of customers in every type of help. Ex: Car parking area**
3. **An Appropriate Technology must be used to get data like shopping pattern and his personal information**
4. **Gathering Feedback from Customers**

Further recommendation:-

• From the research it is clear that those customers are having club card are more loyal towards the Tesco compare to those are not holding the club card. So Tesco should have to focus on those customers who are not holding the club card and have to convince them to take the club card for gaining more market share.

• Now Tesco are not focusing on their Tesco Club Card Plus which they used to promote. For retaining their customers from the competitors they have to start promoting again this card because this card is not the regular card. This is a debit card where customers are getting good amount of interest in every year and also accumulate the double point in every single purchase.

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