Customer Loyalty and Retention-New Trend on the Traditional/Virtual Market

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Abstract
The customer loyalty and retention was remarked and began to develop over time through different forms, since the appearance of the first forms of commerce, the barter, but experienced a dynamic climbing, and nowadays, the materiality and the expression of the word itself it's deeper and it's developing day by day, claiming the idea that substantiates this study: customer loyalty and retention is a new concept on the traditional and virtual market.

Key words:
Strategy, market, customer loyalty, retention

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M31, M37

Introduction
This study will provide new information on the concept of loyalty and retention strategies pursued by companies in Romania. Also we want to clarify the conflict between traditional and modern building, bringing the arguments on improving and enriching the concept of fidelity approach based on strategies seeking to reflect the competitive advantage of a company. It will be based coherences, links, enrichment factors and the need to continue the concept of loyalty among companies that develop and sustain a thriving business idea leader.

From how long starts loyalty?
The loyalty and customer satisfaction level is behind any successful business, competitive firms developing retention strategies that have always something in addition to competitors, who always reach their goal. To retain customers, big companies apply retention strategies, even before the birth of a child. The most sustained example of this argument is the candy manufacturing company in the Philippines, "Kopiko" offering free candy for pregnant women. In this way, he sought loyalty to both, mother and baby, being proved that diet affects pregnant women, besides child development and eating habits on its future, thus developing a sense of friendship for the product. This reveals that loyalty begins even before we were born, and then is strongly supported by the amalgam of active players in the market.

A first very simple definition, but revealing, of the loyalty concept is given by Philip Kotler, the person regarded as the most influential marketer of all time appearance. He says that loyalty is "retention rate and customer retention firm". Since this simple approach proposed by Kotler, we see the importance of loyalty in the marketing.

Another definition is given by Manfred Bhrun in paper Relationship marketing: management of customer relationships that says: "Customer loyalty includes measures that a company take in order to influence the present and future customer behaviour intentions in a company or its activities in a positive way, to stabilize and develop our relationship with it."²

In extenso approach of the concept, we can integrate loyalty in a new dimension, based on the concept described by Michael Porter named competitive advantage: "cost leadership, differentiation and focalization"³. By defining competitive advantage from the perspective of Porter, we define loyalty as a method to differentiate the companies that generate competitive advantage in the market by charging products and services to consumers in a distinct way from those of competitors.

References

Another reference to the concept of loyalty is on Maslow’s pyramid, identifying the need for loyalty both with the need for safety, which follows basic needs, and the need for social affiliation. Thereby, it is observed from the first correlation the need of companies to introduce loyalty to maintain their market position and the second correlation is defined by relationships with consumers, which represents key marketing microenvironment in particular, and the overall concentration of all the key activities of organization. The positioning in the mind of consumers, of the concept was carried out constantly, the process noticing a continuous improvement sustained by the explosion of technical progress on one hand, and fantastic rising of innovation and creativity sources, people ideas, who are actually the basis for defining retention strategies, on the other hand.

The strategy defined by management specialists in Romania is seen as a realization of the prediction function, which defines the fundamental objectives of the organization, the ways of achieving them, resources and time in order to obtain a competitive advantage according to the organization’s mission. Retention strategy, as a combination of the objectives aims (they have in mind), expresses the attraction of a large number of occasional users, in order to turn them into regular customers by encouraging them to purchase and consume products or services organization frequently, based on a adequate reward system, in order to maintain preferences made on products/services offered by the organization at the expense of other products/services offered by other organizations.

Retention strategies are supported by both the traditional and virtual market due to their complexity and the necessity and devote need to be integrated into the overall strategy of the organization.

On the whole those presented/On the overall, we find that it is not enough to organizations only to satisfy consumer needs, they need to introduce loyalty programs and strategies very well constructed, to achieve an existential dependence consumer with the organization, to realize virtually retrieving of both consumer products and services offered by the organization and in the organization as a whole. Increasingly diversified strategies companies put into practice, make loyalty to represent a new trend, improved, in a developed form, on the traditional and virtual marketing.

1. Measure Lifetime Value Strategy
This strategy connects with consumer’s mind, as its title says, by the phrase that life is beautiful and we should enjoy every little thing. The instrument used for this strategy captures the emotional sphere, shaping consumer’s feeling and loyalty through their sensitization.

As a concrete example of this strategy is to use a trick that can allow the whole family loyalty by attracting its products offered in the scope of a single member: the child. This process is explained simply by the fact that the very most loved, spoiled and cuddly person in a family is the child (or children) and everyone wants to make him/them happy, so only a financial problem or principles would stand in the way of fulfilling his wishes and also to achieve the purpose of the organization. So, this strategy has the advantage that, one of the moments to be treasured in life is the one when you see your child happy.

The disadvantage of this strategy, in relation to this instrument is that loyalty can be subjective, parents can be a passive part in the relationship of loyalty with the organization, its product purchasing just for the joy of their child, which automatically leads to an unstable loyalty in time.

For example, although girls between 3-12 years are playing with Barbies, which were purchased by parents in their desire to make them happy, in time they form other priorities, other social games, education and culture that will replace Barbie and loyalty for this brand will be void, and will remain just a memory.

Some companies express this strategy more directly than others. For example Mastercard: "The happiness of your baby is priceless." This slogan was used before the start of each match of the Champions League, with an emphasis on end of existence of a solution that truly expresses the message of the advertisement: "For everything else there is Mastercard." This form of advertising that is based on the strategy of each moment expressing appreciation that for your child brings happiness, Mastercard is a solution!

2. Personal Touches
This retention strategy is defined as starting from the idea of using various tools of achieving personal feelings, the most productive being attachment to a model presented by a company which has outlet especially in children. It is well known that, in the teenage years you usually choose a model in life, be it a player or a … Barbie doll. The most recognized way to create the image of selected model is endorsement,

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5 http://marketingwizdom.com/strategies/retention-strategies
6 http://marketingwizdom.com/strategies/retention-strategies
which is defined as a kind of testimonial that one person testify about the product/service itself, is a public, known, famous. The idea of model results from the fact that not only children, but mature people in general are attracted to the idea of creating ties with some people we consider a model in life. This concept can be the best illustrate by some examples.

Cristiano Ronaldo is one of the best football players in the world and has become a model for both children and adults, by his play style, his character, by the way he enjoys goals, the activities of the Sports plan and outside sport, and especially his champion mentality, given by inspiration to his admirers. He even manages to attract females watching football by his physique and overflowing charisma. Therefore, knowing that he is a model and well loved by the whole planet, Nike company got involved him in various projects, supporting an active endorsement, promoting various products, in a way that attract a lot. For example, in the advertisement of January this year, in which Cristiano Ronaldo promote Nike Mercurial sneakers it shows stability, strength and speed\(^7\) drawing a picture hero in the consumers minds, thereby positioning the product in their mind in a positive way, considering that association with famous footballer is a strength in consumer loyalty.

Another example, closer even more than the little ones world is the princess idealization, transformed into a brilliant symbol of femininity, where all girls aspire. By this identifies Barbie doll, which is sold worldwide, a dizzying pace: two dolls every second. The association with such a model, is often speculated because can see that children are becoming more influenced by models promoted and girls who generally have up to 10 years, want to aspire to the toy itself, and after they have it and they adopt a retrieval process, identifying with the Barbie doll.

3. Loyalty Programs\(^8\)

This strategy is associated with fulfilling the objective of promoting products or services of a company offering consumer loyalty programs. Within this strategy are provided many tools: Direct Mail, Loyalty Cards, Event Marketing, discussion forums or groups of customers, Free consulting, customer magazines.

One of the instruments that attract the most turned out to be the one that involves the grant of loyalty cards. Cards for the enterprise customer show two major advantages: the chance to build a customized dialog and can obtain information on the buying behavior by the customers. The main need satisfied is the customer club, a need for social affiliation, which according to Maslow's pyramid is very important for a man. One of the eloquent examples are the introduction of this card by cinemas, or pharmacies. So if you have the CinemaPro card, you accumulate 1 point on every ron spent. Considering that a ticket costs RON 14, you accumulate 14 points on your loyalty card. With these points you can buy items from the bar inside the cinema or movie come free once you have collected 144 points. So raises the question: why to go to another movie theater when here at a time, I get to see a free movie?

It is the same thing with Sensiblu card or Catena. For each product, based on the card you accumulate points for future discounts, or discounts instead at the products.

Another tool of loyalty programs is the customer magazine. In Buzau for instance there is a supermarket/hypermarket called XXL who periodically distributes magazines to potential consumers with new products, in desire to satisfy their information and having a great chance to develop a strong loyalty process because it brings in discussion another important connotation such as customer relaxation, based on the fact that consumers are informed about the products offered and their prices, having an additional reason to buy from this store.

4. Blogs\(^9\)

If 9-10 years ago, everyone had wired landline phone, television tube and wearing moccasins, technology has evolved and it just can not speak of an evolving latent because in almost every home nowadays in urban areas it is always present computer connected to the internet even in rural areas, the degree of familiarity with the process is quite high. So, studying well SWOT analysis made by specialists, within their companies, have identified the opportunity to develop a retention strategy internet. This loyalty is a strategic component which takes more than direct marketing; online marketing instrument called that contains advertising on the net, discussion forums, e-commerce online shopping email. The loyalty directions are:

Presentation on the website of information about products or services, information about the tender validity period, of guarantees, free buying and information programs in the use of certain products aimed at retention; For this are many examples, such as: www.okazii.ro, www.parfummania.ro etc.

\(^7\) http://www.youtube.com/watch?v=30-mU5gfHfY
\(^8\) http://marketingwizdom.com/strategies/retention-strategies
\(^9\) http://marketingwizdom.com/strategies/retention-strategies
• Entering the website of discount offers, or special offers aiming at strengthening loyalty established after initial purchase; EX: [http://www.bet365.com](http://www.bet365.com) offer 200 RON sign-up bonus, publicity made both within their website, and on www.flashscore.ro.
• Exposure of some advantages leading to a promotional loyalty of consumers; EX: [http://www.bet365.com](http://www.bet365.com) offer 200 RON sign-up bonus, publicity made both within their website, and on www.flashscore.ro, same as before.
• Combining achieving rational and emotional feelings, meaning the provision of information strictly related to the product, but also to raise awareness of consumer inserts.
• EMAG performs on [www.sport.ro](http://www.sport.ro) associating advertising and sports products, leading to passionate sport consumer awareness.
• Insert on social networking sites in particular to advertising posters outlining proposed offer or promotion on other websites. EX: On Facebook displays various advertisements Puma, Armani perfumes, strollers, etc. or promote other sites: [http://www.top66.ro](http://www.top66.ro).
• Databases are a key element in the online consumer loyalty due analysis on data taken their profile and preferences considered. Ex: Oriflame sending message with "Happy Birthday!", based on a customers mail greeting, or even special internet or mobile messages.
• The newsletter is a very important retention strategy internet because it keeps consumers informed at any time, knowing detailed information about the company, products, policies of it. Of all the strategies presented, according to their classification, it is the only online, the other 4 being traditional. Internet Evolution is harder to balance tilted toward traditional means loyalty.

5. Extraordinary Customer Service

Are those strategies assume that for purchasing a product you benefit from an extraordinary offer, such as receiving one other product, or unlimited service. For these types of offers that give a huge competitive advantage in consumer loyalty, the examples are very well defined:
- **Young Orange**: to activate an option by 5 euro for 1 month get free, unlimited messaging network
- **Glendale Studio**: When you go to a movie, you receive on the house tea and unlimited popcorn [http://www.glendale.ro/](http://www.glendale.ro/)

6. Conclusions

For an organization that wants to develop a competitive advantage and to be the leader on the market it serves, loyalty is not seen as an option but a necessity. Without applying appropriate strategies loyalty, the organization cannot find constant with consumers and can reach on the downward curve of his life. As we explained above, different strategies chosen by organizations that differentiates between development, stagnation, or decline of loyalty. Strategies are developed and then implemented to be integrated in the overall strategy of the organization for a systemic approach. To complete this study, we proceeded to a clarification of concepts drawn from the information that led to the grounding of. So, we conclude that organizations will need to take action on potential threats in the loyalty of consumers, such as: intense competition, fast changing competition, changes in consumer behavior and perception and aversion able to product/service, and even the organization generated by discomfort from the obligation to purchase. The last threat comes mainly due to the fact that sometimes children become persistent in purchasing a product, which can create the hatred of parents to those products.

Consumer loyalty advantages are manifold, which makes it important to be very large by increasing the rate of purchase and the frequency of purchase, increasing database growth adaptability to new prices, customer departure, etc.

The most important advantage and incentive for the organization to proceed in developing and enriching this concept is that loyalty creates competitive advantage and is the main source close to the client. So, based on taking into consideration all aspects, we conclude that loyalty is a new concept on the traditional and virtual market that is constantly developing and its critical in an organization's decisions.

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