To Study the Most Beneficial Ways to Build Customer Loyalty

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ABSTRACT

Building a loyalty program allows firms to keep existing customers and to search for new clients. Being closely related to the client, in a personal way of caring, conveyed a sense of partnership to them, while applying a proper relationship marketing hip. Loyalty Program is an expression of the culture of a company. One reason that loyalty is growing rapidly, is because businesses are realizing the benefits of customer loyalty at the time of technological development. The purpose of this paper is to assess the importance of consumer loyalty in the process of building relationship marketing in the online and offline market. The questionnaires were completed in two major Albanian cities, Tirana and Durres. The paper is based on primary and secondary data for the case of financial sector in Albania.

The findings of this research indicate that, based on the data we see that loyalty is important for online marketing. This is based on consumer perception data through surveys developed. So, consumer loyalty which is achieved by marketing on the Internet is important in relationship marketing.

Keywords: Loyalty, Relationship marketing, E-marketing, Customer.

INTRODUCTION

Loyalty is a complex phenomenon, which includes a set of behaviors and attitudes. In recent years there has been a growing interest among institutions regarding the cultivation of relationships with the customer. The reason for this is that these
institutions have realized that building long-term relationships with customers provides a way to reduce their removal rates, reducing costs and increasing revenues. But while companies want to build relationships with its customers, few consumers think or perceive that they have a relationship with the companies to which are clients. Relationship marketing includes the activities of seduction, maintenance and growth of customer relationships with an organization. Building customer relationships is more than a marketing function: it is an organizational philosophy which affects the operations and processes, employees, customer service and quality. In this way, financial institutions which wish to build and maintain long-term relationships should follow a holistic approach to their behavior with the customer.

The success of a relationship will partly depend from the size of trust that exists between the customer and the provider of the product / service. Trust operates on both sides. For example, in applying for a loan, the customer needs to believe that the financial institution will provide the loan in time, while the financial institution needs to believe that the consumer will repay the loan on time according to the agreement. Trust, therefore, is a general expectation or hope that the word (and / or actions) of another to be something on which we can rely. It is proved that the length of a relationship between a customer and a company is positively related to consumer perceptions about the reliability of the company.

The customer is one of the most important factors for economic development, most companies in the four corners of the world pay extremely close attention, they even have separate departments dealing with complaints, demands, wishes, customer suggestions. But the question is how aware are consumers of the obligations that their vendors have towards them, or rather how many are aware of their rights guaranteed with the law in force for the protection of consumer rights.

How much importance given to the buyers feelings? How important are the habits, traditions of religious affiliation in the agenda of producers. Many companies across the globe tend to create and maintain strong links with their customers, which carefully managed all "sensitive points" in relation to customers in order to maximize their loyalty. Consumers today are difficult to enjoy, are wiser, more aware of quality, price, content, asking for more, forget harder and more alternatives offered by other competitors to offer the same or even better.
According to some economists are not difficult to acquire satisfied customers, some companies may even do this. But the challenge is to produce loyal customers and captivated. It’s not enough to be able to attract new customers; the company must keep them and constantly make efforts to increase business. Many companies suffer from high customer desertion. It is like throwing money into bottomless sack unless you consider the care and preservation of the king of the company. The company should recognize the reasons of losing its customers and identify those that can manage it in the most efficient way.

RESEARCH METHODOLOGY

The research is descriptive and explanatory about variable and builds a broad picture of the relationship marketing and online marketing. Data were analyzed using different statistical methods such as multiple regressions, regression analysis with dummy variables, logistic regression, logistic regression with dummy variables and structural equation modeling (SEM) to test variables and constructs. The study explores these factors using as example the Albanian banking industry. To achieve the objective of the research, to prove or refute the main hypothesis of the conceptual model is achieved by testing the assumptions.

- H1: Consumer loyalty is important for relationship marketing.
- H2: Consumer loyalty is important for online marketing.
- H3: Consumer loyalty that is achieved by marketing on the Internet is important for relationship marketing.

The paper consists of two parts which are aligned together. The first part consists of theory, for which we used the relevant literature to argue database, relationship marketing phenomenon and the importance of loyalty factor in the marketing strategy. During this part we researched through various publications and studies. All publications taken into consideration are analyzed and take appropriate conclusions for each, which combined together, give an easily understandable focus on the importance of demographic elements in consumer data collection to identify the importance of loyalty and implementation of relationship marketing in the online / offline marketing in Albania.

The second part is built based on a survey with a sample of 446 interviewees, who answered 14 questions. Selection of the study sample has been done before, by selecting a
different age range sample (which coincides with the steps of technological development in Albania) and with different educational level, which again goes in proportion to technological development and use of the Internet, computer or mobile phone. Also, we tried to have a sample alignment between the two sexes. The selection is done randomly and grouped according to age, gender and education. The questionnaires were completed in the two main cities of Albania, Tirana and Durres. The research methodology used to answer these questions is an impact assessment of "average range". Unlike rigorous "academic" methodologies, average ranking methodologies are inclined to accept clearly a reduced level of statistical validity, in order to accommodate the data collected in the field, resource constraints and enjoy program requirements forefficiency and usefulness. With grouped data we have built an econometric model and statistical tests to identify how demographic factors cross with factors which affect customer loyalty in the construction and implementation of relationship marketing in Albania and their statistical significances.

RESULTS AND DISCUSSION

USED LITERATURE

Building a loyalty program allows firms to keep existing customers and to search for new clients. Being closely related to the client, in a personal way of caring, conveyed a sense of partnership to them, while applying a proper relationship marketing hip. Loyalty Program is an expression of the culture of a company. Offering a loyalty program for customers, tells them that they are special and that the firm cares for them in particular. The best program of loyalty tries to win a greater share of customers. Use of a stimulus is needed to keep customers, so they visit more frequently the firm and to buy its products, instead of the competitors. Companies know that they can create loyal customers when offerings of products and services are intended to satisfy the personalized needs. This has conditioned many online marketers to define a massive adaptation strategy, offering online customers configure the product or service. The interactive nature of the Internet makes "build your product" method possible, which is a partial easily to determine a purchasing option. An authorized customer base, who feels that a company can deliver exactly what they want, is likely to remain loyal for a long time.
Consumer loyalty is the greatest achievement for a company that aims to be a leader or to have longevity in the market. Also, it is an indicator of marketing performance. A company, thanks to her work, commitment to attracting consumer attention and quality products that produces and trades, has many chances to achieve this indicator (customer loyalty) to its products and to benefit from this consumer trend, as a new product, being promoted in the market, tested for the first time, has little possibility to be tried again by the same customers. Marketing experts give an estimate, where about 25% of consumers who try for the first time a product, continue to retry it. This is a process that goes on with the achievement of satisfaction of the clients and if it fulfills all the standards required by customers, with a little luck, can make them loyal to the product. The difficulty lies in the attracting of attention, when dealing with the introduction of a new product in the market. This difficulty comes because only a small portion, called “innovation” rushing to taste new products that come on the market, while the rest is more conservative and expects the consent or approval of the product by the people who surround them. So, consumer loyalty is a difficult process and has to do with communication of the product by the company, its clients and their approach with the aim of achieving the pleasure of tasting a product. This tasting will lead to constant reexamination, as well as gaining a loyal customer for the company, who will always depend on the offerings of competitors. Very few companies care about their customers’ loyalty. Most businesses think only about the amount of customers and not the quality of their inclinations. So, they worry about the increasing number of customers and not whether their customers are loyal or not.

A loyalty program allows creating a close relationship client - company, creating an interactive environment. This enabled by the process of changing the customer behavior, behavior which is difficult to predict, as customers are skeptical of any firm in the market that makes such offers. Normally, the "best customers" are easily identified in these programs. They should be given special attention. In fact, the rule of this loyalty program is 80/20, which means 80% of the turnover of the business comes from 20% of clients. Frequency programs (FP) are designed to give prizes to customers who buy often and on considerable amounts. Frequency Marketing is recognition of the fact that 20% of customers of the company...
can be equal to 80% of its business. Frequency programs are seen as a way to build long-term loyalty with these customers, seeing the possibility of reciprocal sales potential in this process. So, the best customers are those who pay. Loyalty club members evaluate their membership. They believe in the hospitality of the company, its products and services and to the people who serve them. They feel a special sense, which means that belong to someone. Communicating with them should be friendly and saved, then, in a database, through which their progress is followed.

The cost of securing new customers is big, usually greater than providing more turnovers from existing customers. This is because existing customers require less attention. They recognize the signature; know the products, managers and firm services. Thanks to this understanding, they always come back with pleasure to buy at this firm, with fewer incentives and motivation than necessary to acquire new clients. For these reasons, the loyalty program works. Seeing that there is an admirable attendance of a business activity, and then the business should build a loyalty program. There are several companies that use this method spontaneously, without any program, through discounts that make regular customers. Also, there are several clubs in Tirana, which have made use of the membership card, thus implementing relationship marketing to attend their premises. This card is given to the best customer on a regular basis, who spend more during their stay in these areas. This method can use the hotels, airlines, rental cars, banks, etc.

By literature we know that the cost of providing new customers is bigger than the cost of keeping existing customers. This is because existing customers require less attention. They recognize the signature; know the products, managers and firm services.

One reason that loyalty is growing rapidly, is because businesses are realizing the benefits of customer loyalty at the time of technological development. Marketers, due to customer loyalty hope that they can keep customers at a high level, while competitors can find a way to close the gap in attitudes between brands, moreover by: 1- attempting to mitigate or reduce the differentiated benefits from a major brand, 2- increasing differentiation on its trademark or, 3- encouraging false loyalty from customers. In fact, it is claimed that the basic work of any business today is the preservation of the clientele at a high level. Based on a study,
an increase of 5% of customers would increase benefits by 25% - 95% (Reicheld & Scheffer, 2000). A statement said: "One of the most exciting and successful use of the internet is its role in building customer loyalty and maximizing sales". The presence of a numerous number of websites is a tool that has led to reduce the impact of retailers in the market (Strinivasan, Anderson, & Ponnavalu, 2002). Other researchers suggest that price sensitivity may reduce loyalty, more online than offline. This is probably because customers now can easily compare between their products and services in a minimum time. Changing the role of the Internet in the context of satisfaction and infrastructure can increase the importance of online loyalty. For this reason, there shouldn’t be a surprise that companies are using a variety of ways to achieve customer loyalty. Many researchers have focused their research more in terms of interpersonal trust and interorganizational confidence and less in terms of trust between people and organizations. We will treat these types of beliefs closed, in particular in the context of internet marketing. Our discussion in this sub-issue contain two elements: corporate image and clientele values, which has a poor study in online environments, despite the indisputable importance in the offline context. In recent studies, Morgan and Hunt have defined loyalty as "an ongoing relationship with a very important customer and the company must ensure maximum effort in keeping it", which implies strong emotional commitment and behavior for the company. This view is not universally held. For example, Assael (1987) argues that they are synonymous and represent each other.

**FINDINGS**

**Hypothesis:** H1: Consumer loyalty is important for relationship marketing confirmed by the results of the below testing.

**Hypothesis:** H2: Consumer loyalty is important for online marketing. By the logistic regression analysis, we see the value $P_{\text{value}}$ H1 and compare it with the coefficient $\alpha$ ($0.05$). In our case,
Table 1 Coefficients for hypothesis H1.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized coefficients</th>
<th>Standardized coefficients</th>
<th>t</th>
<th>Sig.</th>
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<tbody>
<tr>
<td></td>
<td>B</td>
<td>Gab. Stand</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>2.205</td>
<td>.278</td>
<td>7.933</td>
<td>.000</td>
</tr>
<tr>
<td>Loyalty</td>
<td>.588</td>
<td>.096</td>
<td>.434</td>
<td>6.148</td>
</tr>
</tbody>
</table>

From the statistical results that multiple regression analysis gives us, we see the value Pvalue H1 and compare it with the coefficient α (0.05). In our case, Pvalue H1 = (0.00) < (α) 0.05. This shows that H1 is supported by test results. So, consumer loyalty is important in relationship marketing. This result comes naturally as building a loyalty program allows firms to keep existing customers and to search for new clients. Being closely related to the client, in a personal way of caring conveyed a sense of partnership to them.

From the coefficient table we see that the variable of consumer loyalty is important for relationship marketing, as for this variable, even from this survey show that the testing of the hypothesis, Pvalue = 00:00 < 0:05, then the hypothesis H1 is statistically supported. Meanwhile, from the statistical indicator of R2 recall that only loyalty variable alone, explains to 18.8% relationship marketing. While, from the processing of data from surveys of employees see that R2 = 22.6, which means that under the latter survey of consumer loyalty explains 22.6% of relationship marketing. In conclusion, we can say that the loyalty program is an expression of the culture of a company. Being closely related to the client, in a personal caring way, conveyed a sense of partnership to them. Offering a loyalty program for customers tells them that they are special and that the firm cares for them in particular. A loyalty program allows creating a close relationship client-firm, creating an
interactive environment. This is \( P_{value} H_2 = (0.00) < (\alpha) 0.05 \). This shows that \( H_1 \) is supported by test results. So loyalty is important in online marketing. Companies know that they can create loyal customers when offerings of products and services are intended to satisfy their personalized needs.

### Table 2 Coefficients of Likhert scale test for the hypothesis H2.

<table>
<thead>
<tr>
<th>Effect</th>
<th>Model Fitting Criteria</th>
<th>Likelihood Ratio Tests</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-2 Log Likelihood of Reduced Model</td>
<td>Chi-Square</td>
</tr>
<tr>
<td>(Constant)</td>
<td>171.883</td>
<td>70.225</td>
</tr>
<tr>
<td>Loyalty</td>
<td>193.129</td>
<td>91.471</td>
</tr>
</tbody>
</table>

This has conditioned many online marketers to define a massive adaptation strategy, offering online customers to configure the product or service. The interactive nature of the internet makes "build your product" method possible, which is a partial easily to determine a purchasing option. From table 2 we see that loyalty variable affects marketing on the internet, which means that their interaction is within the range of 95% reliability. From the table of coefficients we see that loyalty is important for online marketing. This is based on consumer perception data through surveys developed. However, the processing of data collected through interviews, questionnaires and surveys to employees of commercial banks, do not get the same statistical indicators, as according to the analysis of these data, \( P_{value} = 0.292 > 0.05 \), which means that \( H_1 \) is not supported statistically according to data from the survey of employees. As discussed above, the variables examined are the main instruments of internet marketing, but are variables of relationship marketing.

**Hypothesis:** 

H3: Consumer loyalty is achieved by marketing on the Internet is important for relationship marketing. By logistic regression analysis, the following tables (Table 3) we see the value \( P_{value} H_3 \) and compare it with the coefficient \( \alpha (0.05) \). In our case, \( P_{value} H_3 = (0.00) < (\alpha) 0.05 \). This shows that \( H_1 \) is supported by
test results. So, consumer loyalty which is achieved by marketing on the internet is important in relationship marketing. Online sales are unlike traditional sales sites built in the physical market, because we have a lack of direct contact with the buyer and the possibility that buyers see the product physically. In terms of information asymmetry are more risks in online trade. All these factors make crucial the trust in electronic commerce because it is a high-risk transaction. Even the processing of questionnaire data collected through interviews and questionnaires to employees of commercial banks, we see that the variable consumer loyalty through internet marketing is important for relations, as this variable, even from this survey it is shown that Pvalue = 0.000 < 0.05.

Table 3 Coefficients of Likert scale test for the hypothesis H3

<table>
<thead>
<tr>
<th>Effect</th>
<th>Model Fitting Criteria</th>
<th>Likelihood Ratio Tests</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-2 Log Likelihood of Reduced Model</td>
<td>Chi-Square</td>
</tr>
<tr>
<td>(Constant)</td>
<td>294.733</td>
<td>62.640</td>
</tr>
<tr>
<td>E14</td>
<td>292.200</td>
<td>60.107</td>
</tr>
</tbody>
</table>

From table 3 we see the coefficients which show that variable loyalty through internet marketing affects relationship marketing, which means that their interaction is within the range of 95% reliability. From the table we see that loyalty which is achieved by marketing on the internet is important in relationship marketing. This is based on consumer perception, given by survey developed.

CONCLUSIONS AND RECOMMENDATIONS

A loyalty program allows creating a close relationship with companies, creating an interactive environment. This enables the process of changing customer behavior, behavior which is difficult to predict, as customers are skeptical of any firm in the market that makes such offers. Online sales are unlike traditional sales sites built in the physical market, because we have a lack of
direct contact with the buyer and the possibility that buyers see the product physically. In terms of information asymmetry are more risks in online trade. All these factors make the trust crucial in electronic commerce because it is a high-risk transaction. Kindness, honesty and legal power, are fundamental elements on which is based the belief (Ganesan 1994). However, trust is like an economic network with a complicated structure and multidimensional (Houston 2001). One reason that loyalty is growing rapidly, is because businesses are realizing the benefits of customer loyalty at the time of technological development. Even from the processing of questionnaire data collected through interviews and surveys of employees of commercial banks, we see that the variable of consumer loyalty is important for relationship marketing. From the processing of the data, we see that loyalty is important for online marketing. This is based on consumer perception data through surveys developed. So, consumer loyalty which is achieved by marketing on the internet is important in relationship marketing.

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