

CONSUMER LOYALTY ASSESSMENT AS AN IMPORTANT MEANS OF INCREASING COMPANY'S PROFITABILITY

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The essence of consumer loyalty is revealed and substantiated and its value for companies is determined. The concept of loyalty, level of satisfaction is considered, the levels of loyalty and factors influencing consumer loyalty are distinguished, as well as methods of estimation of the degree of customer satisfaction are investigated.

Keywords: consumer loyalty, customer behavior, loyalty assessment, loyalty factors, consumer loyalty levels

I. Introduction

Currently, an important strategic goal for various retailers is to create loyal customers. Under these conditions, the urgency of identifying and evaluating the factors that influence customer loyalty formation increases.

Research into the effectiveness of an enterprise's marketing activity involves not only evaluating profitability indicators but also auditing non-economic indicators, such as a measure of consumer satisfaction. This allows you to evaluate whether the company effectively fulfills the main purpose of marketing - to research the needs of consumers and satisfy them. After all, when the customers are completely satisfied with the quality of product or service, it provides a high image of the company, which is a guarantee of maintaining the existing market share, and its expansion. On this basis, the company increases sales, gross revenues, and, of course, profits.

The results of marketing verification of non-economic indicators should be proposals and ideas the aim of which are organising such relationships with target consumers, which will strengthen their loyalty to the goods or services of the enterprise.

II. Formulation of the problem

Many foreign and domestic scientists, in particular L. Balabanova, Y. Gordon, O. Dima, F. Kotler, Y. Kryvoruchko, P. Temporal, M. Trott, S. Chernysheva, N. Chukhray and others, in their scientific researches they investigate the concept of marketing relationship, the ability to form partnerships between various business entities operating in the market. I. Alyoshina, G. Lee, F. Plis, R. Rachel, T. Teal have also made significant contributions to the study of loyalty issues.

All the above mentioned scientists have found out the importance of loyalty in increasing the profitability of the enterprise and ensuring its competitiveness, the types and components of loyalty. However, it is worth noting that in Ukraine this issue is only at the stage of development and requires a great deal of research to find out the optimal solutions to this problem that will be effective in the Ukrainian market.

III. Results

Today, marketers are increasingly focusing on retaining current customers. Attracting each new customer costs on average five times more expensive than retaining an existing customer. Many companies have openly stated that attracting new customers has negative points. And called the secret of growing sales, increasing customer and customer loyalty, reselling. Loyalty is more than just behavior. It is a mistake to assume that the customer is loyal only because he/ she continues to buy the goods of a particular manufacturer. There are many reasons why a customer repeats purchase that has little to do with being truly loyal. Loyalty can be defined as a customer who continues to believe that the product he or she is buying is the best option. It best performs their value proposition, wherever it may be. They accept this offer when faced with this purchase decision [1].

The priority of modern marketing is the formation of loyal customers, the transition from one-time agreements to the establishment of long-term partnerships. Creating sustainable partnerships with loyal customers generates more profit than single transactions and maximizes profit for each individual transaction. Consumer loyalty assessment in the retail sector is an important and little-known area of research. There are many different, even contradictory, ways of assessing consumer

loyalty in the retail sector today. Often, one-parameter simplified research methods are used, such as behavioral analysis (frequency of purchases), i.e. there is no single approach to measuring customer loyalty. With regard to retail, the situation is complicated by the presence of a large number of retail formats that form specific, specific to this type of consumer values format, which in turn affects the formation of customer loyalty. In these circumstances, it requires studying the impact of various factors on consumer loyalty to retail in different formats.

The first attempts to explain the conceptual nature of the concept of "loyalty" were made in the early XX century and were based on the emotional component of consumer behavior. At that time, the definition of loyalty was quite simple and associated with consumers with absolute confidence to buy certain products under a certain brand. Later definitions consider loyalty in the context of consumers' preferences for one brand of goods at each purchase, which involves re-purchase. Further development of the theory and methodology of loyalty has led to a link between the rational component of loyalty, which reflects the fact that consumers can buy from several competing companies [3].

Companies benefit from customer loyalty. Especially nowadays, when it is more difficult and costly to retain clients than to attract them, clients provide the business with comfort for price flexibility. In this way, the business can carry out more profitable marketing activities at the price that it likes. In addition, businesses that have loyal customers make it easier to get their name out there through direct word and viral marketing. In this sense, they are more advantageous in terms of advertising costs. The most important advantage of customer loyalty is high sales and turnover. Because loyal customers often favor one company, such a business does not affect the negative fluctuations in the market and even experiences times of crisis with minimal losses. Customer loyalty also leads to internal customer satisfaction and thus enables employees to have more secure working environment. This improves the motivation of employees and increases their belief in their business.

In order for businesses to recognize their customers as loyal, they need to know each customer's level of loyalty. There are different levels of customer loyalty.

- Disloyalty

This is when the customer is not loyal and does not show commitment to the products of the business. There are many reasons why a customer may not be loyal to the company. Some of them are companies and others are clients. This can be: lowering the quality of products or services produced by the business, the approach of salespeople to customers, inadequate after-sales services, rising prices, the crisis of the company, etc., are problems that relate to the business, and customers are influenced by the marketing efforts of other businesses, they start to like different products, they are more rational and start to make comparisons, their attempts of different brands for curiosity and more.

- Superficial loyalty

Customers with superficial loyalty are those whose commitment to the company is weak, although they are constantly buying products from that company.

They are more likely to try different brands or products because they do not have strong emotional ties to a particular company or because they prefer a company based only on a product. In order to retain such customers, companies need to organize campaigns that are committed to research and development of different strategies.

- Undeveloped loyalty

Underdeveloped customers do not always prefer the products of this company, although they are committed to the company and its products with emotional connection. There are some reasons for irregular shopping. For example, warehouse products or customer decisions are influenced by others, etc.

- Strong loyalty

This is when customers are fully committed to the business and its products or services. This comes in the form of bond placement. Customers who have a strong loyalty often buy the products of one company [4].

Satisfaction score is based on a multi-format retail format, broken down by each retailer of the format and factors affecting customer loyalty, is calculated using a

weighting factor, an average rating factor, and weighted score by each weighted factor for each marketed item, the combination in 7P section:

- goods (wide assortment of goods, variety of assortment within one group of goods, production quality, availability of goods of domestic producers, availability of goods from foreign producers, constant updating of goods placement in assortment groups);

- price (low cost, discounts available);

- promotion (point-of-sale advertising, radio point-of-sale advertising, billboard advertising in the city, online advertising; site availability; regular promotions, discount programs, point-of-sale signs, participation in social events, image and reputation of the sale place; reviews and recommendations);

- location (parking, parking spaces, convenient location, proximity to home, work);

- physical environment (background music, pleasant smell, presence of signs indicating groups of goods; well-considered price lists and their location under each item; discounts; shelving design; hall decoration; hall lighting);

- staff (sales consultants, courtesy of staff, presence of security guards; pleasant appearance of staff, presence of a large number of operating banks, speed of service, staff qualification);

- additional services (cashless payment, availability of ATMs from different banks, availability of payment terminal services, availability of storage facilities, availability of carts and baskets, availability of books and offers and availability to it) [3].

Consumer behavior refers to the selection, purchase and consumption of goods and services to meet their basic needs. There are different phases involved in consumer behavior. At first the consumer feels the need, and then goes to the selection and budgets for the goods and decides on consumption. Product quality, price, services, consumer emotions, personal factors, situational factors, product features are some of the factors that affect customer satisfaction [2].

IV. Conclusions

In today's trading environment, customer loyalty is one of the most important concepts for business. There are numerous variables that attract consumers to different brands and products. In such an intense competitive environment, maintaining long-term customer relationships is difficult. In recent years, companies have used many different marketing techniques to cope with this complexity. The current study examined consumer perspectives on customer loyalty and related programs. Consumers are expected to expect companies to keep their promises. Failure to do so will have a significant impact on customer loyalty.

In recent years, the increasing value, given to customers and the increasing importance of the concept of customer orientation have increased consumer expectations every day.

Different methods of analysis are needed to measure customer satisfaction. Customers estimate the value of products before purchase, at the point of purchase and after purchase. This means that their satisfaction may change accordingly. Therefore, it is necessary to conduct surveys and find out the indicators of satisfaction. All of the above confirms that customer satisfaction and loyalty is an essential element of business. Understanding these terms can help any businesses to build a reputation in the market and increase customer demand for their product.

Literature

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