Chapter 1 : Brand Loyalty Schemes in Supermarkets â€" The WritePass Journal : The WritePass Journal

- A conceptual model of attitudeâ€•behaviour consistency and brand loyalty is proposed and empirically tested in the context of frequently purchased consumer goods.

Introduction Research on brand loyalty had been widely conducted in a variety of contexts including in the mobile phone industry, particularly in measuring the determinants of brand loyalty of pre-paid products. Indonesia has great market potential for the mobile phone industry, but a very intense competition has developed recently. The high level of penetration of mobile phone market in Indonesia makes the number of mobile phone players in this industry interested to take a part in achieving a higher market share in Indonesia Ningsih, Indonesia currently has eight telecommunication operators that serve the needs of approximately Statistically, the growth of cellular phones since reached 29,, customers and continued to grow to ,, customers, in The evolution of cellular customers in Indonesia from to can be seen in Figure 1. Mobile Phone Customers Growth from to Source: Ditjen SDPPI, The high growth of mobile phone customers in Indonesia could encourage a higher mobile phone market share that could make Indonesia as an important potential area for the telecommunications market. The trend of positive growth to all mobile phone operators has caused little changes in the market share of each operator in recent years. Telkomsel, Indosat, and XL-Axiata are the three operators with the largest share of customers in Indonesia. Attention to the determinants of brand loyalty through perceived value, service quality, and satisfaction have also been used to measure the significance of the relationship between brand loyalty and its determinants. Theoretical Review of Brand Loyalty The study of brand loyalty has been widely conducted in various areas and contexts, including in the mobile phone industry. To measure brand loyalty, previous researchers used various variables as determinants of brand loyalty, such as perceived value Rasheed and Timeless, ; Chang, ; Yeh et al. Furthermore, Chang, and Yeh et al. While Dehghan et al. Park and Kim state that brand loyalty can be measured through dimensions of brand value, brand trust, and brand effects. Further, Hou and Wonglorsaichon and Lam and Shankar use dimensions of value perception, brand satisfaction, trust, and brand attachment to enhance brand loyalty. The Relationship between Loyalty and its Determinants Referring to the problems of the mobile phone industry in Indonesia, the relationship framework of the determinants of brand loyalty measured by value perceptions, service quality, brand trust through the study of various previous researches literature is structured as follows in the two sub-sections, namely the relationship between customer value and brand loyalty, and the relationship between service quality and brand loyalty. The Relationship between Customer Value and Brand Loyalty Value perception is the value of a product that is expected and perceived by the consumer. The expectation of a costumer regarding a product is different than for other consumers, in terms of purchase quantity, service quality, convenience before purchase, using and after purchasing and so on. Krisnanto mentions that the value of the customer is the source of all value in the organization, and creating strong customer value is the main goal of every company. From the perspective of the customer, Chuah et al. Ishaq reports that the value perception is proven and able to build the customer loyalty to the brand in the telecommunications industry. The value perception also affects the customer in consuming the brand, directly, and can also cause the customer loyalty to the brand, indirectly Wongsuchat and Ngamyan, In addition, Rasheed and Abadi say that service quality, trust, and value perceptions are antecedents of loyalty where they find that service quality, trust, and perception value factors have a positive relationship with brand loyalty. Some surveys support the loyalty model as a function of expressive response and instrumental customer that result in trust of costumer on the brand intrinsically or extrinsically and heuristics and rational values based on perceived value. Meanwhile, Lam and Shankar report that in the early adoption type of inter-generation adopters of the equipment telecommunication technology is influenced by the perceived brand value. Furthermore, Deghan et al. In line with previous researchers, Nikhasemi et al. The Relationship between Service Quality and Brand Loyalty Nowadays, the concept and measurement of service quality have experienced a rapid grown in research. Krisnanto claims that service quality has an accurate capability to meet the needs of a service, willingness to help customers, knowledge, and friendliness of employee, and personal attention to customers,

as well as the provision of physical facilities and overall employee appearances. According to Parasuraman, Zeithaml and Berry , the main contributor to the measurement of service quality is presented in five dimensions, namely: Reliability is the ability to deliver promised services immediately, accurately and satisfactorily. Responsiveness is the desire of the staff to help the customers and provide services with responsiveness. Warranties which include knowledge, competence, courtesy and credentials of staff, free of danger, risk or doubt. The empathy that consists of simplicity in making relationships, good communication, personal attention, and understanding the needs of consumers. Direct evidence which includes physical facilities, equipment, employees, and means of communication. According to Akbar et al. Furthermore, Zehir et al. Further, Hafeez and Muhammad and Ishaq conclude that service quality, customer satisfaction, and loyalty programs are important factors that can increase customer loyalty to the brand. Rasheed and Abadi say that service quality is the antecedent of customer loyalty to the brand. But it is unlike with the previous opinions stated by Hou and Wonglorsaichon , that the perception of the perceived quality of consumers will negatively affect brand loyalty. The belief in the brand will ultimately lead the customers to their commitment and loyalty to the brand. In addition, the brand must also be able to increase the customers emotional involvement so that the customers have a bond and loyal to the brand Barusman, The first dimension of trust is known as cognitive-based beliefs, knowledge-based beliefs, or system beliefs Lewicky and Stevenson, While Hou and Wonglorsaichon state that brand trust has a positive effect on loyalty, Zur et al. The second dimension of trust is known as the trust-based influence, emotional trust, interpersonal trust, or relational trust Guenzi and Georges, The perceived type of belief is subjective naturally and based on feelings, emotions, and other moods Zur et al. Further, Ahmed and Liao say that brand trust still becomes a positive determinant of brand loyalty. Theoretical Framework The theoretical framework proposed in this research is presented in Figure 2. Theoretical Contribution The objectives of this literature study are to identify the dimensions of the value perception, service quality, and brand trust of customers in the telecommunications industry and to examine the relationship between value perception, service quality, and brand trust toward brand loyalty in the telecommunication industry. This research also provides value enrichment which arises from the model submission of brand loyalty of customers in further studies with different perspectives and dimensions. In terms of practical contribution, if this conceptual framework were empirically tested, it can provide valuable insight to marketing practitioners in formulating customer-oriented marketing strategies. This framework will also assist marketing practices in creating competitive advantages in telecommunications industry which will ultimately create customer loyalty to the brand. Suggestions for Further Researches Brand loyalty is an important concept in improving sustainable income. The concept of brand loyalty has evolved in various business dimensions as a customer retention strategy for businesses where the loyal customers will always make frequentative purchases when the needs and desires arise. In a competitive business telecommunication service context, brand loyalty is an absolute necessity. This study examines the effect of perceived value, service quality and brand trust on brand loyalty in the mobile phone industry. Future researchers are expected to test the concept of brand loyalty through other concepts, such as brand commitment Fullerton, , customer credibility Bachri, et al. Effect of brand trust and customer satisfaction on brand loyalty in Bahawalpur. Journal of Sociological Research, 5 1 , pp. International Journal of Business and Management, 5 6 , pp. International Journal Business and Emerging Markets, 8 1 , pp. Credibility and consumer behavior of Islamic bank in Indonesia: Expert Journal of Marketing, 4 1 , pp. Zone-of-Tolerance moderates satisfaction customer trust and inertia-customer loyalty. Exploring mobile application customer loyalty: The moderating effect of use contexts. Telecomunication Policy, 39, pp. The influence of brand experience on brand satisfaction, trust and attachment in South Africa. International Business and Economics Research Journal, 12 10 , pp. Moderating role of price sensitivity. 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Loyalty of the Brand, thus, constitutes the counterbalance to Brand Loyalty, and should exist on par; not only as a legal phenomenon but as a practical one as well. It is, in the context of brand-consumer relationship, the other side of the same coin.

Whilst Tesco is the clear market leader, it still witnesses high competitive pressures across all fronts within the industry. The impetus is therefore based on how well they can sustain competitive advantage within the industry by competing effectively and winning customer loyalty. One of such methods of winning customer loyalty, which has evolved over the years, has been the use of loyalty card schemes. These schemes entail providing each registered customer with a card, which they swipe after each purchase. Prior to the introduction of loyalty schemes, paper cards were in vogue, which were usually stamped on exit, and once the card was full, the customer qualified for some sort of discount. However, the technology to introduce the loyalty card became available in tine s, a period whereby Tesco decided to invest and introduce its Club Card loyalty scheme, soon to become UK largest loyalty scheme. The major long-term goals of this scheme were invariably to increase store sales and company profitability. This is done through a number of channels. Firstly, it promotes regular and return shopping habits amongst customers. Secondly, it gives the retailers vast amount of information regarding shopping behaviour, which could then be used to analyse purchasing patterns. In a bid to appropriately understand factors influencing customer loyalty, it would be more appropriate to first define customer loyalty. Judging by these definitions, loyalty can be said to occur when consumers purchase particular goods or services repeatedly, and when they hold favourable attitude towards a product or service, or even towards a company selling those products and services. A number of factors can be said to influence consume behaviour especially within retail and these are discussed as follows. Firstly, the benefits that consumers get when shopping in a retail or online location positively affects consumer loyalty Wong and Sohal, For instance the ease of use of products or services Utilitarian and the pleasure derived from using these facilities Hedonic are highly influential. According to their model outlined below, these benefits make the customer satisfied, and customer satisfaction positively affects loyalty. Factors influencing customer loyalty. Wong and Sohal Secondly, the expected and perceived service quality affects customer loyalty. Tangibles such as the retail location, online presence, and even shopping hours have been known to affect customer perception of service quality, hence customer loyalty. Intangibles such as employee friendliness and empathy have also been found to be effective facilitators Carpenter and Fairhust, Thirdly, the branding and reputation of the retail location are very crucial. Dents on reputation such as environmental spillage or utilizing unethical suppliers globally are factors that adversely affect a brand image, while good name brands that actively promote ethical responsibility have been known to boost customer loyalty amongst particular segments Humby et al, Lastly, reasonable discounts present for continuous patronage shows that customers that the company values their visit and would be happy to have them return. This could be offered in the form of discounts on product purchases or rewards being offered for continuous patronage. Loyalty cards can help retail companies achieve customer loyalty in a number of ways. This could boost loyalty by offering good benefits at online destinations and improving customer perception of service quality. Loyalty cards can be used to predict product sales in particular periods or segments, by analysing customer data. Lastly, and most importantly, they could be utilized to offer discounts on purchases customers make, based on points that have been previously gathered. The aforementioned retailers all provide loyalty cards, which amass points for every purchase made, and offers discounts, amongst others when the points reach required targets. In contrast to these methods, Marks and Spencer, Debenhams and John Lewis provide store credit cards which allow consumers to purchase goods on credit, and gives them discount points for every purchase made in store or out. Some other retailers such as ASDA and Morrison, have instead chosen to adopt Every Day Lower Prices strategy, which compete with other retailers based on the price of their products, rather than points amassed on purchases. These retailers adopted these strategies, as empirical evidence does not thoroughly support the importance of loyalty cards in gaining customer loyalty. Based on individual experience and excerpts from the

case study, the factors I believe influence customer loyalty are the availability of products at affordable prices, consistency in quality of service, branding and retailer reputation, ease of delivery and the level of discounts offered for product purchases. Loyalty Schemes can achieve these by offering attractive discounts for every store purchase; predict and tailor customer preference based on previous shopping activity; and build brand image by maintaining contact with customers. In conclusion, loyalty schemes are effective methods of gaining customer loyalty as long as they are in the best interest of the customer: According to these definitions refer to definitions in slide , customer loyalty can be summarised as a positive feeling that a customer has towards a brand that makes them repeat purchase behaviour. This customer loyalty occurs when customers purchase a good or service repeatedly, or better yet, when they hold a favourable attitude towards a good or service, or even a company that sells a good or service, in this case Tesco, that sells a variety of goods from different brands. In the case of Utilitarian shopping benefits, research shows that the usefulness of a product or service, as opposed to its attractiveness enhances customer satisfaction. Hedonic Shopping Benefits also illustrate that the pleasure derived from using a product or service is a large determinant of customer satisfaction. Taking both factors together, they jointly lead to customer satisfaction, which leads to loyalty. Secondly intangibles such as employee customer service, evidence through the level of assistance received and customer loyalty are also big determinants of customer loyalty towards a retail company. Like for instance, most customers would prefer to visit Tesco as opposed to a corner shop or a pound shop where they are not certain about the level of service or even product quality they are going to get. Lastly, the reputation of the store also affects customer loyalty. For instance, it was in the news sometime that Tesco was supporting Isreal by remitting a portion of its profit for Israeli causes. Because of this, a number of people decided to boycott Tesco. Therefore, brand reputation could affect loyalty. The cheaper the better The ease at which products are delivered to the customer when they patronise the stores either through retail, telephone or online channels, have a profound effect on customer perception about the company, thereby influencing loyalty. The number of points the customer stands to gain on every purchase, and the percentage discount the customer would get based on this point, are factors highly influencing loyalty. Loyalty cards could also be used to tailor consumer-shopping experience to individual needs, based on past experience. This can mostly be done online as the customer visits the website. For instance in the case of Tesco, there is a section on the website that contains all the products the customer had previously bought either online or in retail locations. That is helpful for the customer and a very good method of improving service quality and customer benefits. Loyalty cards could be used to build brand awareness with customers by maintaining contact through newsletters offering promotions on products and services. Slide 7 They can also predict product sales in particular store locations. Then the Club Card could be used to analyse the frequency of buyers that purchase these, then tailor store design and promotional offers to make sure that customers are well aware of these products and more attuned to buy more. Loyalty cards can be used to offer discounts on purchases based on the points that the customers have gathered from previous purchases. They compete basically with everyone who also offers their generic goods. They sell household products, electrical products, financial and insurance products, amongst others and they compete with each other and every other retail business offering similar services. They had previously been engaging in archaic sales promotion techniques, in which cards are handed over to customers, and then stamped after each purchase Just like in present day Nandos and Starbucks. However these methods were unable to gather consumer data or utilize these in store promotions, therefore bringing up the need for a scheme that could have these done. Recent technological improvements made it possible for such cards to be introduced that collated points for every purchase the customer made, and used as a method for offering the customer discount on goods sold within the store and other deals with partner companies Tesco started in It was assumed that if the customers had the Club Card, they would always be attuned to shop at Tesco, rather than another store without loyalty schemes. Having such cards was also thought of as a method of promoting regular shopping habits within the same store. For instance a customer would prefer to go over to Tesco continuously to purchase goods, rather than over at a competitors. However, the data gathered from these loyalty cards regarding all customers, could be utilized in analyzing and understanding consumer purchasing behaviour. For instance they could find that some particular customers usually purchase some goods Pampers

and beer together, then decide to use that in designing the store. Loyalty schemes could also be used in measuring some loyalty card specific promotional offers and also other offers in the store. The major long term effect of this scheme is however that the increased brand presence, customer loyalty and discounts offered would increase store patronage, thereby influencing them to spend more in stores. However other retailers such as Boots, Sainsbury, HMV and even Ladbrokes the bookie, have followed suit an introduced several point based loyalty schemes as well. The point based system offered by most of these other retails vary somewhat in the ways in which points are given and retrieved, but all of them follow the same basic principles. Sainsbury in contrast is part of the Nectar scheme that collates points when customers patronises HomeBase, BP and Sainsburys, and a number of other online retail stores. In contrast to just being able to use the card at one store, in the case of Tesco, the Nectar card can be used at any of these retail destination, while customers can also spend their points at affiliate partners such as Cinemas, Hotels and Tourist Destinations. Marks and Spencer, Debenhams and John Lewis in contrast offer credit cards to their customers. These credit cards operate like any other card would, but also offer the customer points for using the card, which could be used to receive discounts in store. More points are usually awarded if they are used in the store, as opposed to at other retailers. Research conducted by several bodies also showed that loyalty schemes do not have that much of an influence on customer decision to patronize stores. They are more interested in the discounts they receive on goods, rather than points accumulated for affiliated deals. In contrast to introducing loyalty schemes, several other retailers have adopted other strategies that have boosted their customer loyalty and competitive advantage. John Lewis adopts the Never Knowingly Undersold promotion that offers the lowest price for any of its products, as opposed to those being sold by other retailers. ASDA and Morrison compete by constantly reducing the price of their products to offer customers the highest value. Other retailers such as Marks and Spencer and Waitrose compete based on the quality of their goods and the customer service they provide customers. The cheaper the better Several customers are also influenced by the quality of service provided by retailers. The brand of the organisation and reputation it has amassed over the years are also influential determinants of customer loyalty. The ease at which products are delivered to the customer when they patronise the stores either through retail, telephone or online channels, have a profound effect on customer perception about the company, thereby influencing loyalty. However, the most influencing factor is the discounts that are offered on loyalty schemes. They can also predict product sales in particular store locations. That is helpful for the customer and a very good service. Including student tips and advice.

Chapter 3 : Call for papers - Journal of Product & Brand Management

() Brand evaluation, satisfaction and trust as predictors of brand loyalty: the mediator-moderator effect of brand relationships. Journal of Consumer Marketing , Online publication date: Sep

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brand; such as increased consumer loyalty, enhanced brand,reputation, reduced price elasticity, positive word of mouth and lower switching European Scientific Journal October /SPECIAL/ edition Vol.1 ISSN: - (Print) e - ISSN

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Brand loyalty is a sort of commitment towards the brand that induces a re-buy behavior into the customer in spite of the potential marketing attempts by competitors to break up the coalition between the brand and the consumer (Oliver,).