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A Strategic Approach to Building Online Customer Loyalty

Nirmaljeet Kaur Virk¹

Department of Management, Galgotias University, Yamuna Expressway Greater Noida, Uttar Pradesh, India¹

nirmaljeet.virk@galgotiasuniversity.edu.in¹

ABSTRACT: The purpose of this paper is to provide online loyalty management with a logical framework. The paper combines ideas on client loyalty and current case patterns in internet practice, incorporating a number of recently published theoretical works. The paper presents knowledge and action strategies for consumer marketers that can optimize the productivity of fulfilling company offers. Outlines the expenses and advantages of such approaches for creating customer loyalty online. By integrating literature encouraging lifelong consumer service with literature concerned with building online customer relationships, it provides a path to profitable relationships. It also highlights the unintended problems that a certain online customer loyalty program might create. The theoretical concepts that form the basis of the paper appear, but have not been empirically checked, to be of great relevance to consumer marketing. This paper explores the nature and application of levels of consumer value to an important marketing process. This offers the chance to boost marketing performance by enabling organizations to maximize the value of their limited service resources by targeting successful clients.

KEYWORDS: Customer loyalty, Customer relations, Internet shopping, Profit maximization, Electronic commerce.

I. INTRODUCTION

Customer loyalty was on most advertisers' minds throughout the 1980s. With the aim of building customer loyalty, many organizations have invested millions on customer relationship management systems. It is ironic that the notion of customer loyalty is not something that is understood by customers[1]. The consumer or brand loyalty problem is, in behavioral terms, nothing more than repeated transactions for most businesses. In fact, many business attempts are aimed solely at increasing the proportion of repeat transactions among current customers. Marketing strategists have built predictive models to help this initiative that illustrate the major profitability effects of growing the repeat purchase rate among established customers.

The issue may lie in the current existence of initiatives for customer relationship management. The 1-to-1 principle of marketing created a groundswell of interest in getting closer to the client. The idea is based on information technology as a way to smart glasses consumer desires so that potential purchases can be smoother for repeat customers. The authors note that multiple questions need to be addressed in a standard service experience[2], such as checking into a hotel. Thus, guests are conducted through the series of choices that supposedly reveal their true preferences. The genius of the concept is that capturing each of these decisions using appropriate hardware and software identifies the customer and a specific set of preferences.

The preferences are believed to be somewhat constant and they appear to remain relatively unchanged once they are revealed. In theory, each time he or she stays at a hotel in the same chain, the customer is relieved of the responsibility of repeating the list of answers. Since larger organizations with many locations understood that each of their units could access the data in their central customer databases, the companies invested heavily in the technology. Technology was, thus, a supplement, and even a substitution for personal contact[3].

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The situation is similar to the elimination of "cops on the beat" by police departments, police officers who walk around their designated area and get to know the community, people compliant with the laws, and threats to their safety[4]. As police forces placed officers in cars, they lost the protection of their neighborhoods and the individuals they swore to protect and were less successful before crimes happened in identifying signs of crime. Losing contact with their clients signals the loss of constructive marketing for marketers.

The circumstance is similar to the removal by police departments of "cops on the beat" police officers who walk around their assigned area and get to know the neighborhood, individuals who comply with the rules, and threats to their safety[5]. They lost the safety of their neighborhoods and the people they vowed to protect as police departments put officers in vehicles, and became less effective before crimes occurred in detecting signs of crime. Losing touch with their consumers suggests the failure for marketers in positive marketing.

The right customer should perhaps be the most significant priority. Organizations need to differentiate between their customer bases, not just improve repeat transactions and customer loyalty. There is a recent recognition that consumers are not only distinct in terms of their preferences but have varying quantities of efficiency over their lifetimes. They run the risk of working hard with nothing to show for the effort when businesses fail to concentrate on consumers who can raise profit and reduce costs. All attempts to build consumer loyalty must be based on a customer profitability foundation.

II. THE CORE OF CUSTOMER LOYALTY

It seems that customer loyalty is based on a collection of variables. Esteem is the first one. The seller or product they experience must be trusted by consumers. Second, there must be a favorable perceived value of the transaction or relationship greater than that given by competitors[6]. Third, if marketers draw on the first two variables, they will be able to produce a degree of positive emotional connection to the consumer. The emotional reaction can be a change-resistant dedication to their brands. Each of the variables calls for some debate.

Trust:

Most of the literature on customer loyalty has sought to describe what was involved in the concept. Several studies have concentrated on the components that foster and develop loyalty. As a consequence, there is a list of topics studied in isolation and in conjunction with others. Trust, in the entire literature, has been stressed as a determinant of consumer loyalty. In circumstances in which knowledge measures are missing, confidence is crucial. Confidence is unfounded in a world of perfect intelligence. It helps decrease perceived risk in the real world by reducing the chance that a consumer will experience a loss. Essentially, confidence strengthens the customer's belief in the possibility of a good result.

The effect can be conveyed in terms of a feeling that the provider can "make things right." The initial transaction is based on no prior experience of certain partnerships and is largely based on confidence in the absence of positive word of mouth[7]. A customer would have proof that the supplier delivers as planned, or not, after one good encounter. As a basis for engagement, the proof supplants confidence. Elements such as business or brand name assume growing significance early in a partnership.

They act as surrogate indicators of likely success. International brands such as Toyota, therefore, have brand value that strengthens the feeling of confidence by customers. In reality, brand or company names and expectations take on the burden of trust formation in a new partnership. Trust is still a major concern among online customers in the online world. The possibility of revealing credit card details to an online "stranger" is an obstacle to e-commerce for some customers who might shop securely in fact.

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Net perceived value:

The relevant research offers a selection of other factors that affect loyalty. Next after trust in developing loyalty is the consumer's perceived sense of value resulting from a transaction or relationship. Perceived value has been defined as a customer's overall evaluation of the benefits versus the costs involved in a marketing context. Specifically, perceived value can be viewed as a broad construct focusing on prices, costs incurred and benefits delivered by a marketer versus competitors[8]. The literature notes that customer satisfaction may be based on a foundation of perceived value but the constructs are different. Different consumers view value in different ways. However, most consider costs and benefits. Looking at benefits and costs helps consider the variety of elements involved in a marketing transaction.

Value:

Only finding a commodity is valuable to certain clients. For example, discovering the one gift that suits a recipient perfectly can be a victory in the specialty gift industry. For some, financing terms or the opportunity to use credit cards are an expected and respected quality of service. If a transaction takes place may be calculated by other marketing practices[9], such as home delivery of new goods and disposal of old ones. Similarly, setup and operation can be essential in high-tech product categories, such as computers or high-definition televisions.

The emotional elements:

If a marketer has built trust with specific customers by conducting business based on activities that generate trust, the stage for a deeper relationship is set. Special attention has been given to the role of commitment. Although brand loyalty can be measured by analyzing a brand's consistent purchases over a period of time, it is actually nothing than a series of recurring discrete customer and brand transactions. It is not only a repetition of purchasing behavior, but also a set of motivations underlying the behavior.

These motivations may help to differentiate between spurious loyalty that can be characterised as inertia and real loyalty that implies a brand or company commitment. This distinction helps to understand whether the repeat purchased from a given customer will continue (true loyalty) or will stop when there is a shift in the store assortment or the conditions of sale.

Inertia may be rather durable since it is formed based on habits or routines that enable consumers to cope effectively with time pressures and search efforts. Inertia repeat purchasing of a brand appears has been described as habitual behavior to reduce two types of work. The first is mental and involves comparing product or company attributes. The second is physical and focuses on information search activities like visiting stores or searching the internet[9][10]. Without the bond of commitment, marketers run the risk that apparent consumer loyalty may evaporate when there is a change in the habitual supply conditions, encouraging brand switching. How may true customer loyalty develop? One mechanism involves customers making repeat purchases from a vendor with or without any commitment. Over time, if the vendor takes measures to boost trust, perceived value, and emotional connections, then commitment may follow. Other emotional bonds may assume equal importance.

III. CONCLUSION

Although online marketers may make clever decisions that improve consumer confidence, increase perceived value, and create loyal relationships with consumers, it should be clear that businesses need to be selective. Marketers must consider who they want to serve carefully in a world typified by uncertainty and dwindling resources. Passion represents the conviction that the brand is inherently irreplaceable and is an apparently ideal match for the personal needs of the client. The customer enthusiasm displayed by Harley-Davidson motorcycle owners whose actions can verge on obsession is difficult to surpass.

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The emotions of the higher level are the pride of becoming a client, and the love for the brand. Pride expresses the degree to which the business is respected by customers and proud of their personal relation with the brand. When customers try to wear company logo apparel or pick a business credit card, they are proud to be the client of the company. In reality, in building desirable consumer relationships, the conventional techniques for building online volumes can be counterproductive. Conversely, setting conditions to be a customer will increase the perceived exclusivity of a brand, making current customers proud.

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