Merkotun K.
S.I. Kostritskaya, language advisor
National Mining University

LOYALTY PROGRAMS IN CUSTOMER RELATIONSHIP MANAGEMENT

Entering the competitive market, retaining company's market position and improving or maintaining the performance achieved appears even for the successful company. A number of measures are to be realized for increasing the market share, reducing costs for the feasibility of price competition, etc. That is not enough to achieve the specified goals. In recent years, increasing research attention has been paid to the consumer loyalty considering the competitiveness as a property of the economic entity to actually or potentially meet a specific need, compared with similar subjects represented on the market.

Customer Relationship Management (CRM) is a business strategy aimed at developing long-term, mutually profitable relationships between individual customers and suppliers. The main aspects of CRM are analysis, strategy development, operational aspects and establishment of a customer-oriented organization. One of the key instruments for achieving CRM goals is the loyalty programs.

Foreign scholars studies suggest that implementation of the loyalty programs allows to reduce customers turnover by 30% and increase profit not less, than 10%, and only 5% of the customer retention provides to increase of income from 25 to 85%.

Therefore a steady tendency of expanding of loyalty programs application as a tool for building long-term relationships with customers is observed in Ukraine.

One of key issues at the stage of loyalty programs development is forming the rational attributes sets that more fully meet the expectations of the target groups of consumers and stimulate them to make repeated purchases, and also allow to turn the loyalty program into the sustainable competitive advantage of company. Table 1 shows the results of surveying about 250 customers conducted at one of the sports clubs in Dnipropetrovs'k.

Respondents were supported to select and rank these attributes that were of interest to them from the list proposed.

Attributes were divided into two groups - the price and non-price. The results are presented in order of priority.

The attributes that scored less than 10% of respondents' answers were considered as irrelevant for a given target segment.

Table 1 - Attributes of loyalty programs for targeted segments

Target Segment	Target attributes	Non-price attributes
Children (parents were surveyed)	Accumulative discounts Bonuses Discount "bring a friend get a discount"	Children's holidays Gifts Coupons Games
Students	Acumulative discounts Discount Programs Coupons with a single discount Discount "bring a friend get a discount"	Sport events Events
Housekeepers	Acumulative discounts Discount Program	Bonuses for repeated visits Master classes Gifts Games
Employed clients	Acumulative discounts	Privileges Club loyal customer Club Events Providing special services
Seniors	One-time discount Cumulative discounts	Group programs Additional activities
Corporate clients	Progressive discount Discount programs	Privileges Partners programs

As a result, this study has determined the priorities in clients` expectations on which the company should focus in the process of loyalty programs development.

References:

1. Gontmaher K. (2008) Loyalty program as a business. Advertology. Vol.5

2. Gitomer J. (2008) Little Black Book about relations. 6,5 resources for building rich customer relationships.

3. Vasin, U., Lavrent'ev L.G., Samsonov A.V. (2007) Effective loyalty program. How to attract and retain customers.