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 Dnipropetrovsk.

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

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<tr>
<th>Target Segment</th>
<th>Target attributes</th>
<th>Non-price attributes</th>
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| 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:
2. Gitomer J. (2008) Little Black Book about relations. 6,5 resources for building rich customer relationships.