Loyalty Management System: Comprehensive Approach

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ABSTRACT

The article justifies actuality of transition of enterprise to the relationships marketing concept, which implies the establishment of long-term and mutually beneficial relationships between business and consumers. The article contains the results that confirmed the relevance of loyalty management, key factors of customer loyalty acquisition and loss. A comprehensive loyalty management system was formed and regarded as a dynamic aggregate of six interconnected stages of the managerial process. The formation of comprehensive loyalty management system was carried out on the example of the surveyed enterprises. Ukrainian retail enterprises were divided into three different clusters and were analyzed according to specified model.

KEYWORDS

Retail, Marketing, Management, Customer, Segmentation, Loyalty, Loyalty system, Customer value.

INTRODUCTION

The key factor for successful business is winning and retaining consumers. At the same time, consumers' reaction to the company's marketing activities is not only unpredictable but also difficult to evaluate.

This necessitates the transition of enterprises from the concept of traditional marketing to the marketing of relationships, which implies the establishment of long-term and mutually beneficial relationships between businesses and consumers. The application of this approach enables the company to make a stable profit in the long term by maintaining a constant relationship with consumers and maximum satisfaction of their needs. The presence of a well-defined circle of regular consumers loyal to the company is also one of the determining factors for a company's competitiveness. In addition, the experience of leading companies in the world indicates that attracting new consumers requires much more effort than retaining existing ones. However, the main difficulties for them are the lack of a systematic approach to customer loyalty management and the lack of scientific and methodological knowledge on the formation of enterprise management systems focused on retaining consumers and increasing their loyalty.

Therefore, the actual strategic direction of enterprise management is the formation of a customer loyalty management system and management of this system.

LITERATURE OVERVIEW ON LOYALTY MANAGEMENT

In marketing literature, the concept of "customer loyalty" is interpreted quite ambiguously. There is a clear distinction between the terms "customer loyalty", "brand loyalty" and "purchase loyalty". These terms have appeared at different times within different concepts.

The term "brand loyalty" originated within the concept of branding, and the term "consumer loyalty" began to develop a little later in connection with the expansion of the concept of relationship marketing.

Currently, brand loyalty is seen as a separate type of customer loyalty, mainly related to to emotional attachment (EMO) to the trade mark.

The loyalty is influenced by the attitude of the consumer to the brand (brand attitude) and the real opportunity of the consumer to regularly buy products of this brand. Loyalty as a behavioral characteristic depends on the quality of the Product, as well as on the quality and sustainability of all the mental relationships that are formed between buyers and brand owners.

Brand loyalty is a consumer's preference to buy a particular brand in a product category. It occurs, when consumers perceive that the brand offers the right product features, images or level of quality at the right price. This perception may translate into repeat purchase resulting in loyalty.

Loyalty is a biased response towards a brand or product expressed over a period of time and is defined by the purchase pattern of a decision making unit which may be an individual, a household or a firm (Mellens, M., Dekimpe, M. G., & Steenkamp, J. E. B. M. , 1996, pp. 507-533).

David A. Aaker (1991) defines brand loyalty as the measure of attachment that a consumer has towards a brand. Brand loyalty according to him reflects how likely a consumer will be to switched brands when that brand makes a product change either in price or product features.

Purchase loyalty can be defined as the positive attitude of the buyer to a particular product, brand, store, service, etc., which, although a consequence of factors that are significant to the buyer, lies more in the emotional sphere. Jacobi, Jakob and Chestnut (1978) advocate a behavioral view of loyalty, saying that loyalty is a factor of behavioral loyalty approach, which is measured by the metrics of repeat purchases, duration of relationships with the supplier, profit. from a specific buyer (or buyer segment).

Byron Sharpe, Anna Sharp, and Malcolm Wright (2002) argue that it is the consumer behavior that determines the volume of sales and their profitability, and loyalty should be the main focus of research.

J. Rossiter and L. Percy (1987) define loyalty "as the regular purchase of a product of this brand, based on a long acquaintance with her and favorable to her attitude".

F. Reichel (1996) suggests considering loyalty as a commitment to one's own source of value. The loyal buyer does not change the source of values, i.e. he buys goods or services from time to time and recommends them to his surroundings.

J. Griffin (1997) gives the following definition: a loyal consumer is a consumer who makes regular purchases, and not only buys a certain product but also other products and services of the operator, has some immunity against competitors and recommends the product to other people.

Thus, we can assume that the common method of assessing the degree of consumer loyalty NPS (Net Promoters Score) is used in companies based on these judgments.

Loyal customers, according to McKinsey (1999), are consumers who keep their purchases at the same level or increase it gradually.

Ph. Kotler (2000) views loyalty as an advantage of the consumer, formed by the embodiment of feelings, emotions, thoughts about the organization and services.

Particularly noteworthy is the Dick-Basu model (1994), in which the authors successfully combine both the behavioral aspect and the perspective of the consumer relationship: consumer loyalty is defined as the strength of the relationship between consumer attitude and repeat purchases.

The loyalty to the product by the buyers and consumers in the marketing channel is the sum of the loyalty to the product, the place of its purchase, the way of communicating the product information, the services accompanying the product.

There are several very similar terms - " commitment" and "satisfaction", which are used on an equal basis or instead of the term "customer loyalty". At the same time, most authors argue that satisfaction is a prerequisite for the formation of customer loyalty, and commitment is a higher degree of its development.

Depending on the understanding of loyalty, as well as the goal that the company strives to achieve, it is customary to distinguish:

- transactional loyalty, which considers changes in customer behavior that manifest in repeat purchases, increasing brand share in the volume of purchases, the more transactions – the higher the loyalty;

- perceptual loyalty, which focuses on the subjective thoughts of customers about the subject of loyalty, measured through characteristics of satisfaction, interest, trust, sense of pride;

- complex loyalty, considered as a combination of the two types listed above.

Speaking of complex loyalty, it is advisable to distinguish several subtypes, depending on the degree and form of its manifestation:

- true loyalty, manifested in the constancy of transactions and the manifestation of a stable relationship with the subject;

- false loyalty – manifested in the presence of transactions, but with no sense of satisfaction, commitment. False loyalty arises when acquiring an item, thus, dissatisfaction with it and in the absence of an opportunity for an alternative;

- latent loyalty – characterizes the situation when the customer, appreciating the product, is not able to buy it at all or often for one reason or another;

- disloyalty – lack of loyalty means that the consumer is completely dissatisfied with the product and does not acquire it under any circumstances.

It is not always possible to assign each customer to a certain type of loyalty. But of course there is a dominant force that creates loyalty and others that promote or disrupt it.

Derek Allen and Tanniru Rao (2000) emit emotional and cognitive loyalty. Emotional loyalty is associated with the feelings that arise in the consumer when interacting with a product or firm. Cognitive (also rational) loyalty is associated with rational considerations and is characterized by factors such as price, distance to the store, waiting time, etc. - that is, anything that can be measured in numbers.

Oliver's Model (1980) identifies four aspects of loyalty arranged in a hierarchical manner: cognitive loyalty, emotional or affective loyalty, volitional loyalty, active, active loyalty.

Some authors specifically highlight another aspect of loyalty - the composite loyalty. Behavioral and relationship-based loyalty is accompanied by a cognitive dimension, which is seen as a separate type of relationship-based loyalty. Gremler and Brown (1996) define service loyalty as the degree to which the consumer makes repeat purchases, has a positive attitude towards the supplier, and, when the need arises for services, considers only one (the same) provider.

The cognitive component is loyalty, which is formed on the basis of personal experience or high-confidence information. It characterizes the processes of perception and processing of collected information.

An affective component is an emotional, sometimes subconscious attitude to the product.

The connective component is the knowledge of the consumer of his needs, he influences the motives for buying. In particular, it affects loyalty to the product group.

Suggestive component that reflects the attitude to the product as a whole.

RESEARCH METHODOLOGY

The following scientific methods have been applied to the study: system analysis, content analysis, comparative, the method of logical generalization, the morphological method, the dialectics of the relationship between fundamental and applied knowledge.

Using system analysis the authors have approached the complexities of loyalty management process by structuring the existing knowledge and assumptions into logical and explicit stages. The study expanded the current approaches that the economic science applies to the analysis of loyalty management theory. To combine the elements and features of loyalty management the morphological method was used. The method of dialectics of the relationship between fundamental and applied knowledge was used to define the key factors of customer loyalty gain and loss.

The SegmentValue Method was used to devide the consumers of the enterprises in the sphere of retail on groups depending on income level and beneficial factors.

The matrix methods were used to build the Customer Segment Value Matrix and Target customer loyalty matrix.

The comparative method and method of logical generalization were used for specification and ordering of the theoretical apparatus in loyalty management model.

RESULTS AND DISCUSSION

Market research results, confirming the relevance of loyalty management, show that by turning 5% of their customers into loyal customers, the company can increase their revenue by 25-100%, at the same time, 54% of consumers are ready to consider the possibility of increasing costs in order to get rewards as part of a loyalty program. The average number of loyalty programs per family in the US has increased to 21.9, but only 9.5 of these programs are currently active.

Loyalty is no longer worth exploring in itself, it is very closely integrated with consumer experience and vice versa.

Modern researchers conclude that the type, degree, and therefore also the development of loyalty programs, is influenced not only by the type of industry in which the enterprise operates, but above all by the age of consumers. Studies have shown that a decisive factor in building loyalty for Baby Boomers is improving the convenience of shopping. At the same time, generations of millennials have identified interactions with them on social networks and the ability of the company to surprise and amaze them as the most important factors in forming a commitment to it.

68% of Generation Y representatives say they are unlikely to become regular customers of a company that does not have a good loyalty program

Youth loyalty is taking a completely new form. It can be considered that people from 18 to 44 years far above show their loyalty to a brand or company and its specific manifestation is the tracking and adaptive response to the company's values, its social responsibility, brand philosophy and more. Thus, the results of surveys of consumers in European countries show that in general, almost 40% of respondents believe that buying is a reflection of themselves. About two-thirds of all respondents are loyal to brands that tailor their activities to their needs and needs. In general, almost 90% of consumers become loyal to enterprises due to the quality of goods and services, the price is the determining factor for only 50% and the social responsibility of the enterprise is decisive for more than 12%. From 68 to 73% of those aged 25 to 34 buy products and services that reflect their personal values, with 60 to 70% delighted with companies that offer a satisfying and impressive experience.

According to research from Loyalty Report 2018, 95% of consumers participating in loyalty programs want to be involved in a particular program with the latest technologies such as augmented reality, wearables, biometrics, 360 videos and artificial intelligence.

First of all, it is necessary to identify the key factors of customer loyalty acquisition and loss (Table 1).

Table 1. Key Factors of Customer Loyalty Gain and Loss

Factors of loyalty acquisition	Consumers share, %	Factors of loyalty loss	Consumers share, %
Positive experience of interaction	73	Negative experience of interaction	69
Good reference groups recommendations	59	Negative rating of third-party organizations	61
Strong reputation of the company	55	Poor reference groups recommendations	59

Positive rating from outside organizations	46	Weak recommendations of the company	59
Ensure a privacy policy regarding consumer data	45	Failure to provide a privacy policy regarding consumer data	53
Positive feedback from customers	39	Negative admissions	50
Advertising with the participation of celebrity	26	Absence of participation in charitable and social activities of the company	23
Charitable and social activities of the company	21	Advertising with the participation of celebrity	15
Regular appearance of the company on television or radio	7	The irregular appearance of a company on television or radio	6

Source: Complited by the authors on the basis of (http://marketing.web-standart.net/, 2010)

Thus, in view of these data, we can assume that the concept of loyalty management of modern enterprises should be revised.

Loyalty management can be defined as the process of planning, organizing, and coordinating events that, through formal and informal communication, as well as business-to-consumer interactions, enhance contact intensity, foster strong associations, increase trust, and stabilize satisfaction with engaging with the company.

The main purpose of loyalty management is to form a psychological and emotional sense of consumer commitment to the enterprise.

Schematically, the loyalty management system can be depicted as follows (Fig. 1).

Figure 1 Comprehensive loyalty management system
[Insert figure 1 here]

The formation of loyalty management system was carried out on the example of the surveyed enterprises operating in the field of retail.

According to the proposed system, first of all, it is necessary to identify the main problems and requests of actual and potential consumers

A product or service solves a particular consumer problem. The product may be essential or needed to increase comfort.

In addition to solving the problem, the product can meet the needs of not only physical but also, for example, entertainment, information seeking, communication, romance or business dating. With the development of production, increasing requirements for product quality and the level of consumption culture, the identification of needs and emotional requests comes to the fore.

Consumers' problems, needs and desires can be classified by their level of awareness: a) hidden problem in a person is a problem, but they do not yet know about it, or do not realize it; b) passive problem - consumers are aware of the problem, sometimes aware of the problem, but have no incentive to solve it or are unaware of the possibility of changing the situation; c) topical (urgent) problem: consumers are aware of the problem or have a strong desire to have (use) a product and are looking for a solution, but have not yet made significant decisions about how to change the situation.

The needs and requests of the consumers of the enterprises in the sphere of retail are in the plane of relation to the price and quality of the products, preferences regarding the trademarks, level of additional service. The method of personal survey, the authors analyzed the attitude of regular consumers to the enterprise and identified their consumer motives. Thus, retail businesses were divided into three clusters:

Cluster A: Consumers pay a lot of attention to the quality of the product, its manufacturer (image, prestige of the trademark of the goods), the range of products, service. Price for these

consumers does not play a significant role in the selection and purchase of goods. Indifferent to the company and its proposals.

Cluster B: Consumers are targeting multiple brands. The dominant factor in the selection and purchase of goods is the value for money. Also pay attention to after-sales service. They are positive about the company and its proposals.

Cluster C: Consumers are targeted at specific brands. The dominant factor in the selection and purchase of goods is price-quality relationship. Much attention is also paid to the range of products. They are positive about the company and its proposals.

In the study of buyers, segmentation was performed using the SegmentValue method (Fig.2), which provides for segmentation of buyers by socio-economic, beneficial and style characteristics. The level of income of buyers (high, medium, low), beneficiaries - satisfaction of physiological, cognitive, emotional, communicative, socio-structural, socio-cultural, personal, hedonistic and functional needs was chosen as socio-economic characteristics, and as a stylistic characteristic, the life position of buyers (active or passive).

Figure 2 Customer Segmentation by Enterprise SegmentValue Method
[Insert figure 2 here]

Each customer segment was analyzed in terms of its potential and real value for the enterprise using the developed methodology (Table 2).

Table 2. Model of analysis of potential and real value of customers for the enterprise

Mathematical view	Conventional signs	Notes
$K_r = \alpha \cdot C + \beta \cdot L + \chi \cdot D + \delta \cdot P + \varepsilon \cdot N$	Kr - coefficient of real value of buyers; C - estimate of average cost of repeat purchases (from 1 to 3 points); L - evaluation of customer loyalty (from 1 to 3 points); D - evaluation of assistance to buyers of the enterprise development (from 1 to 3 points); P - assessment of consumer potential of buyers (from 1 to 3 points); N - assessment of dynamics of change of needs and preferences of buyers (from 1 to 3 points); α, β, χ, δ, ε – weighting coefficients of the relevant components of the real value of the buyers (the sum of the coefficients should be equal to 1).	If $K_r \geq 2{,}0$, than the real value of buyers to the enterprise is high; if $K_r < 2{,}0$, than the real value of buyers to the enterprise is low.
$K_p = K_r + ME$	K_p – the potential value of buyers; ME – enterprise marketing efforts (1 to 3 points).	If $K_p \geq 4{,}0$, than potential customer value for the enterprise is high; if $K_p < 4{,}0$, than potential customer value for the business is low.
$ME = \varphi \cdot A + \gamma \cdot S + \eta \cdot Pr + \lambda \cdot R$	A – assessment of expenses of the enterprise for maintenance of buyers (from 1 to 3 points); S - assessment of the enterprise expenses for customer service (from 1 to 3 points); Pr - assessment of expenses of the enterprise on a complex of marketing communications (from 1 to 3 points); R - estimate the cost of the enterprise for the study of customer behavior (1 to 3 points);	

| | | φ, γ, η, λ – coefficients of weighting of the relevant components of the marketing efforts of the enterprise (sum of coefficients should be equal to 1). | |

The assessment of the real value of customer segments was made by the following indicators: average cost of repeat purchases, customer loyalty, promotion of enterprise development, consumer potential of buyers, dynamics of changing needs and preferences of buyers. Assessment of the potential value of customer segments includes an assessment of their real value and an assessment of the marketing efforts of the enterprise. Assessment of marketing efforts of enterprises was carried out by such indicators as the cost of retaining customers, the cost of customer service, the cost of a complex of marketing communications, the cost of researching customer behavior (Table 3).

Table 3. Assessment of the enterprises marketing efforts

Clusters	Customer Segments	Assessment of the real value of the segments						Assessment of the potential value of segments						
		Average cost of repurchases	Customer loyalty	Promotion of enterprise development	Consumer potential of buyers	Dynamics of changing customer needs and	**Real Value Ratio**	Real value notation	Customer maintenance costs	Costs of customer service	Costs of marketing communications complex	Costs of researching customer behavior	**Potential Value Ratio**	Potential value notation
A	A1	3	2	2	2	2	*2,3*	H	1	2	2	2	*4,0*	L
	B1	2	2	2	2	1	*1,9*	L	3	3	2	2	*4,4*	H
	C1	2	1	1	2	2	*1,6*	L	2	2	1	2	*3,4*	L
B	A2	3	3	2	2	2	*2,5*	H	1	2	2	2	*4,2*	H
	B2	1	2	2	2	1	*1,6*	L	3	2	3	2	*4,1*	H
	C2	2	2	2	2	1	*1,9*	L	3	3	2	2	*4,4*	H
	D2	2	1	1	2	2	*1,6*	L	2	2	1	2	*3,4*	L
	E2	2	2	2	2	2	*2,0*	H	2	3	2	2	*4,2*	H
C	A3	3	2	2	2	2	*2,3*	H	1	2	2	2	*4,0*	L
	B3	2	2	2	2	1	*1,9*	L	3	3	2	2	*4,4*	H
	C3	2	1	1	2	2	*1,6*	L	2	2	1	2	*3,4*	L
	D3	2	1	1	2	2	*1,6*	L	2	2	1	2	*3,4*	L
	E3	2	2	2	2	2	*2,0*	H	2	3	2	2	*4,2*	H

The assessment becomes the basis for constructing the value matrix of the segments, which will allow to determine the most valuable and perspective segments, fast-growing segments as well as non-prospective segments (Fig. 3).

Figure 3 Customer Segment Value Matrix
[Insert figure 3 here]

The next element of loyalty management is customer feedback and information. Businesses will be able to provide this link using a marketing communications process that includes:

- ATL (above the line), or traditional direct advertising (in print media, radio and television, outdoor advertising, etc.).

- BTL (below the line), or indirect promotion that encourages immediate purchase; builds brand loyalty; establishes feedback with the consumer, that is, allows to reach the consumer himself, to get in direct contact with him; staff incentive measures;

TTL (through the line), designed to create synergies between ATL and BTL, communication with the consumer on social networks, personal mailings, public relations.

Advertising (ATL) is the most important tool for accomplishing tasks such as business activities to disseminate information about the benefits of your product and persuade your target consumers to buy it.

ATL methods are used at the macro level to reach broad social groups. With this approach, a powerful but diffuse impact on the consumer is achieved. The target audience cannot respond to the message received, thus making a one-way communication without the recipient's response.

The retail market in which the surveyed enterprises operate is the most versatile and dynamic among consumer goods markets. Advertising is an integral part of the sales process for these products. The peculiarities of this advertising are determined by the mass of consumers and consist in the fact that it is dominated by the proportion of emotional expressions, when instead of quantitative indicators indicate low or very low prices, high quality, etc. Of course, there are many related service offers in advertising and, at the same time, attention is drawn to the wide range within the product groups.

Thus, within the framework of loyalty system formation, the following ways of developing ATL measures are recommended to the investigated enterprises:

➢ Features of advertising: the advantage of emotional expressions; emphasis on accompanying proposals; increasing the share of large-scale outdoor advertising.
➢ Features of display of prices: emotional level of prices; correlation of prices with quality of goods and reputation of the manufacturer
➢ Features of quality display: correlation of price with quality level; information on quality certificates and manufacturers' awards.

BTL (below the line) – they are a means of communicating to the potential buyer information about the positive qualities, benefits of goods and services through direct contact, as well as various incentives for buying.

Sales promotion is usually defined as the short-term stimulation of the target audience in terms of encouraging it to sample or use the product by purchasing it, and most often involves stimulating enterprise buyers and merchandising..

The choice of customer incentive measures is influenced, first of all, by the goals of the enterprises in the field of sales, costs, market conditions, etc.

Table 4 presents the recommended means of sales promotion that should be used by the surveyed enterprises.

Table 4. The main means of customer promotion

Means	Essence
Sampling, or distribution of samples	Conducted by both manufacturers and trading companies after an active advertising campaign and bring to the minds of buyers the name of the brand and the main characteristics of the product to attract the attention of buyers
Tastings of products (can be organized by the manufacturer of the goods)	Provides in addition to the story of the product to enable the potential buyer to taste the product. That is, it is a free trial (testing) of products at end-point sales points

Goods with discount on packaging	An offer to buy it at a price lower than usual is placed on the product's packaging or label. This can be a discounted product offering using special packaging or as a set of related products.
Souvenir products	Souvenirs in the form of goods that are constantly used by a large number of people
Gift for in-store promotion, or win-win promotions at points of sale	When buying a product, the buyer receives any gift
Price discounts	The offer of the product at a price lower than its usual price
Discount cards	One element of moral encouragement is the simplification of roses accounts and promoted discounts. Issued upon purchase at the store for a certain amount.

Source: Complited by the authors

The modern buyer requires more information support and aesthetic saturation of the entire buying decision process. The consumer values speed, dynamics, diversity, intelligence, thus, he obliges the seller in the conditions of global competition to act tactically, dynamically, rationally. The seller, in turn, always wants to see as many loyal customers of his outlet as possible.

It is also necessary for enterprises to use incentives for their staff, first of all, for sales. Investigated enterprises should pay particular attention to the level of training and motivation of the marketing apparatus. It is important to make sure that the incentive system is fair and helps the company get the results it needs, by stimulating sales of more profitable products and product groups. Figure 4 presents recommended incentives for sales staff.

Figure 4. Recommended incentive measures for sales staff
[Insert figure 4 here]

The measurement of consumer loyalty of the surveyed businesses is currently done by calculating the Net Promoter Score (NPS) through a face-to-face interview. This method assumes that all consumers of the enterprise are divided into loyal, that is, promoters who are willing to recommend the product or enterprise to others, indifferent and negative. Every day, retailers try to calculate the difference between "promoters" and the negative, and analyze by what parameters the consumer is satisfied and what needs to be improved.

However, it should be noted that this approach does not take into account the typology of consumer loyalty, and therefore does not reflect some aspects related to the behavioral characteristics of consumers.

When implementing a comprehensive approach to the formation of a customer loyalty management system, it is necessary to pay attention to additional indicators for which it is recommended to evaluate the degree of loyalty.

Thus, it is recommended to evaluate the consumer loyalty of the surveyed enterprises in the context of two parameters: behavioral and perceived. Behavioral loyalty is rated as measuring the level of:

- cross sales, that is, the number of additional products of the enterprise purchased by the consumer in a certain period of time;

- increase in purchases, which is defined as the amount or proportion of the increase in the purchase size of the same product in a certain period of time

- repurchases, namely the number of repeat purchases

- support to the consumer of the achieved level of interaction with the company, relative sustainability of the amount of purchase of the same product for a certain period of time.

The assessment of the degree of perceived loyalty is determined by measurement: awareness, that is, the degree of popularity of the activity of the enterprise in the target market; satisfaction - a sense of well-being in the consumer that compares previous expectations and the real qualities of the product purchased; share of dissatisfied, neutral and promoter consumers.

The recommended scale of consumer loyalty assessment of the target market of enterprises is presented in Table 5.

Table 5. Target consumer loyalty rating scale

Performance review	Strengths (S), 7-10 points	Neutral positions (N), 4-6 points	Weaknesses (W), 1-3 points
1. Behavioral loyalty			
1.1. Cross selling	High	Middle	Low
1.2. Increase in purchases	High	Middle	Low
1.3. Repurchases	High	Middle	Low
1.4. Customer support for the level of engagement with the business	High	Middle	Low
2. Perceived loyalty			
2.1. Awareness	Middle	Low	Middle
2.2. Satisfaction	Middle	Low	Middle

Source: Complited by the authors

To evaluate loyalty, it is necessary to compare its behavioral and perceived parameters. The values of the components of behavioral loyalty can be obtained from the database, in fact, for every consumer at any time. However, it is impossible to measure the perceived loyalty of each consumer on a regular basis. Therefore, it is advisable to evaluate both behavioral and perceived loyalty by target market segments (fig.5).

Figure 5 Consumer loyalty assessment of the target market of the studied enterprises
[Insert figure 5 here]

The results of consumer loyalty assessment of the surveyed enterprises are presented in figure 6.

Figure 6 Target customer loyalty matrix
[Insert figure 6 here]

It should be noted that, depending on the level of behavioral and perceived loyalty, different types of loyalty can be distinguished: absolute, hidden, false loyalty and its absence, as well as consumer uncertainty.

Zone of absolute loyalty includes the target market of Cluster C enterprises, that is, the high level of consumer loyalty corresponds to the high level of perceived loyalty, which is the most favorable for enterprises. Consumers with absolute loyalty are the easiest to retain. Moreover, it may be sufficient to maintain existing quality standards.

The Cluster B **Consumer hidden loyalty zone** means that high levels of perceived loyalty are not underpinned by consumer behavior. That is, it distinguishes the company from the competitors, but acquires its products not as often or not in such quality as absolutely loyal customers. This is primarily due to external factors, such as a lack of income. In such a situation, businesses need to strengthen their position by developing behavioral loyalty. For example, price incentives can be used.

The target market for cluster A enterprises is in the area of consumer uncertainty when the perceptual loyalty is in line with:

1. Low level of behavioral loyalty. In this case, businesses should simultaneously develop consumer behavioral loyalty and enhance their perceived loyalty to prevent lack of consumer loyalty.

2. Average level of behavioral loyalty. In this case, businesses should simultaneously develop consumer behavioral loyalty and enhance their perceived loyalty to prevent false consumer loyalty.

3. High level of behavioral loyalty. In this case, it is necessary to increase the perceived loyalty in order to achieve absolute consumer loyalty.

CONCLUSIONS

The issue of forming, maintaining and evaluating loyalty levels is extremely important, especially for retail businesses. In order to maintain the existing level of consumer loyalty, businesses must first and foremost influence the rational assessment group as soon as it reaches the 40% limit in the total mass of consumers. This target group is the most important because there is a large number of substitute products and competition is based mainly on the price factor.

Note that rational-estimation and indifferent groups make up about half of all consumers. Therefore, businesses should constantly keep them in focus and, where possible, establish emotional contact with them, that is, building trust with customers should be a long-term (strategic) goal.

A comprehensive loyalty management system consisting of a set of interrelated stages can be a useful methodological approach to achieve the stated strategic goal and will allow to obtain certain competitive advantages and reduce the costs of winning new consumer groups and adjusting the activity of enterprises to their requirements and requests.

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Appendix

Figure 1 Comprehensive loyalty management system

Identifying consumer needs and requests

STDP -marketing
Segmentation
Targeting
Differentiation
Positioning

Selection of valuable consumer segments

Consumer Feedback:
- informing consumers of valuable segments;
- ATL; BTL; TTL communications
- developing loyalty programs

Measurement of satisfaction and commitment

Development and coordination of corrective actions

Figure 2 Customer Segmentation by Enterprise SegmentValue Method
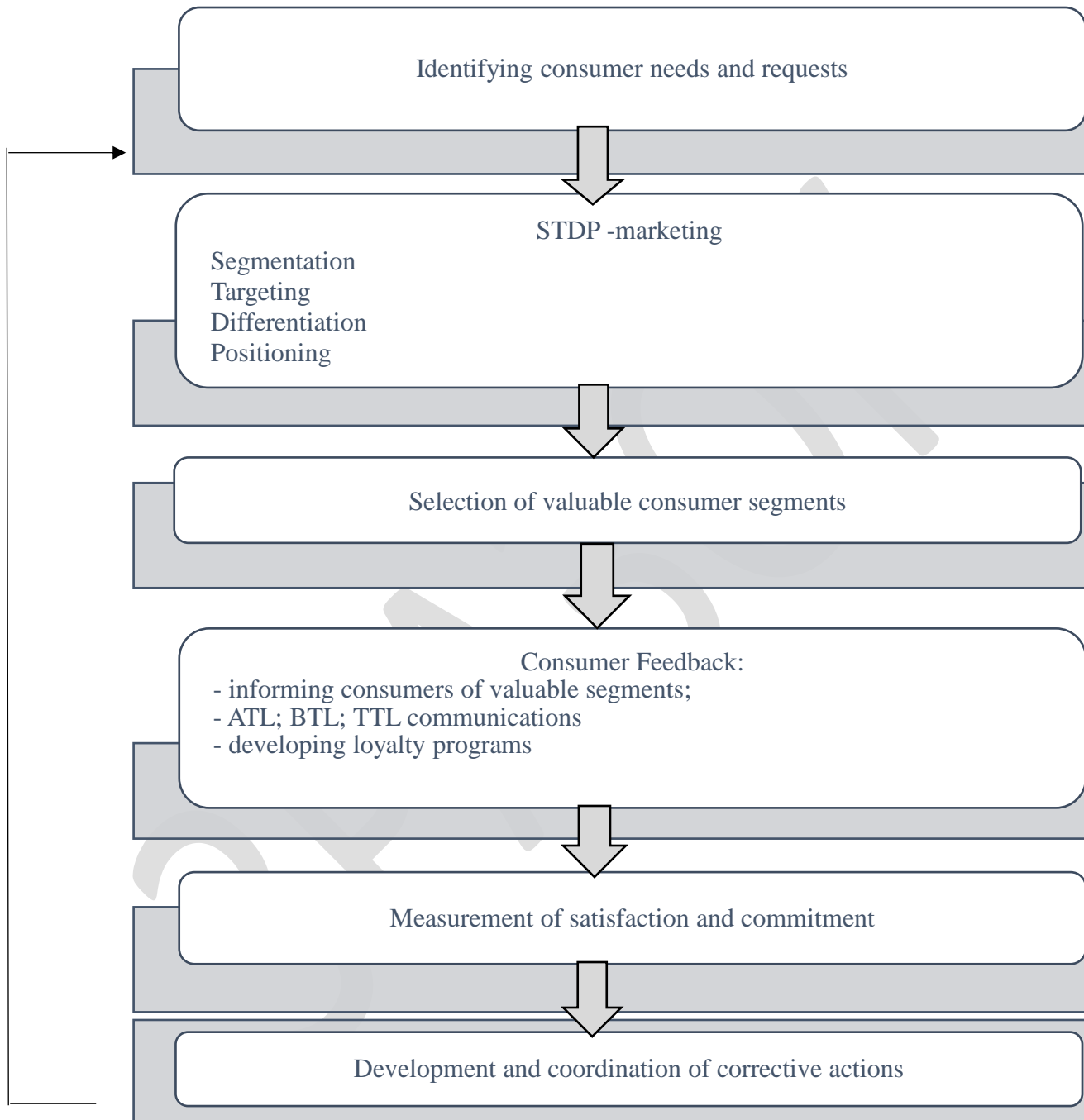
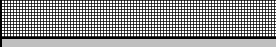| Beneficial factors		Socio-economic factors (income level)			
		High	middle	Low	
	Physiological	all enterprises	all enterprises	cluster C	active
		all enterprises	all enterprises	cluster C	passive
	Cognitive	cluster B	cluster B		active
					passive
	Emotional	all enterprises	all enterprises	cluster C	active
					passive
	Communicative	all enterprises	all enterprises	cluster C	active
					passive
	Sociostructural	all enterprises	all enterprises	cluster C	active
		all enterprises	all enterprises	cluster C	passive
	Socio-cultural	cluster B	cluster B		active
				cluster B	passive
	Personal	clusters A and B	clusters A and B	cluster C	active
		cluster C	cluster C	cluster C	passive
	Hedonic	cluster B	cluster B		active
					passive
	Functional	all enterprises	all enterprises	cluster C	active
		all enterprises	all enterprises	cluster C	passive

Notes:
1. characteristic of all enterprises.
2. characteristic of cluster B.
3. characteristic of clusters A and B.
4. characteristic of cluster C

Figure 3 Customer Segment Value Matrix

		The real value of buyers	
		High	Low
The potential value of buyers	High	**A2; E2; E3**	**B1; B3**
	Low	**A1; A3**	**C1; B2; C2; D2; C3; D3**

Note:

▨ The fastest growing segments   ▢ The most valuable segments
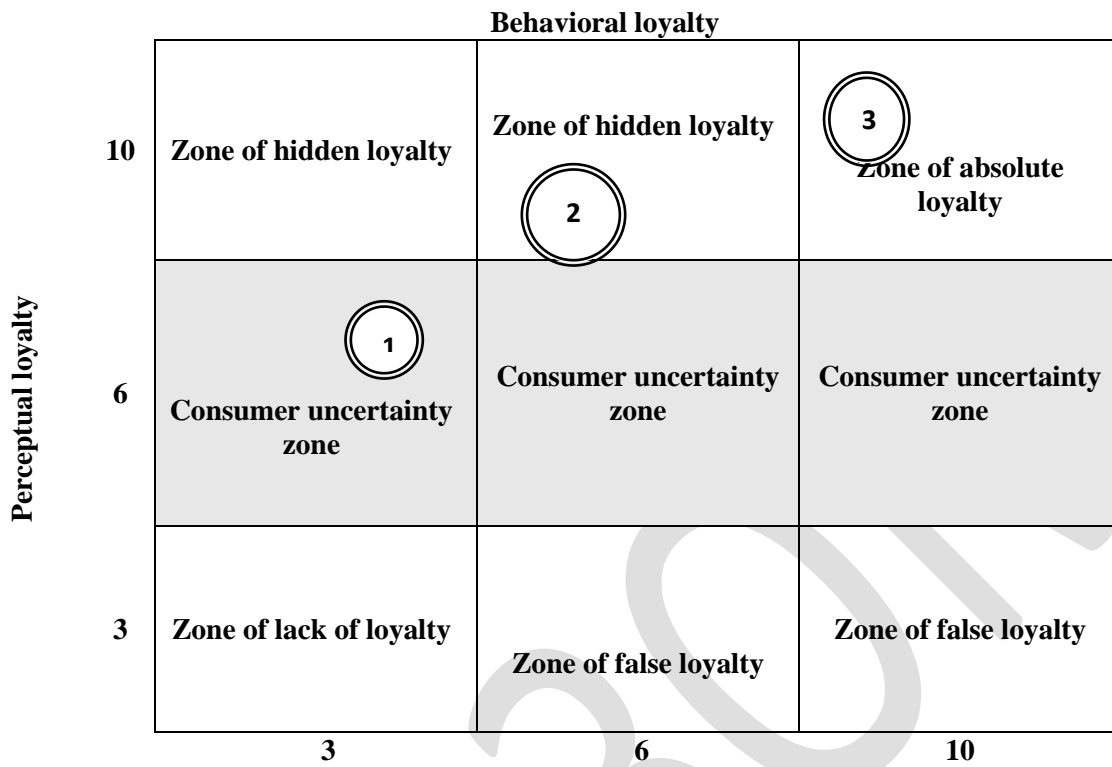
▨ The most promising segments   ▨ Unpromising segments

Figure 4 Recommended incentive measures for sales staff

1. Implementation of corporate system of sales staff incentives. Such a system will allow for differences in the level of complexity of the work being performed, even if these are identical positions; individual professional, personal, business abilities, types of work motivation of each participant in the business process. The concept creates excellent preconditions for the transition to a contractual form of remuneration.
2. Use of a "component" system of remuneration and promotion of staff work. This will allow for the flexible application of certain methods and components for solving problems and tasks of the organization, stimulating certain specialists, taking into account the nature of the functions performed by them.

3. Commissions in the form of a fixed percentage of sales, based on the volume of sales of goods. They can be a financial incentive paid on top of regular wages.	**3. Payment of a fixed percentage of the basic salary in the implementation of the plan for the sale of goods.** The method directs sales personnel to implement the plan, which ensures the stability of the entire enterprise.
4. Different systems of penalty points. Points are scored by the number of violations of the rules and regulations of work, work discipline, etc. The number of points accumulated over a certain period is a significant estimate of the work of a specialist.	**4. Arrival of employees of the firm in a "constructive stress",** which causes employees to think about the level of pay and, accordingly, to improve the efficiency and quality of their own work and business efficiency in general.

5. Promoting by "real opportunity" professional growth. Provides incentives for staff by informing them of the existing prospects for further professional growth for "certain" merits to the company.

Figure 5 Consumer loyalty assessment of the target market of the studied enterprises

Enterprises and target segments	Behavioral loyalty													Perceptual loyalty						
	Cross selling			Increase in purchases			Repurchases			Customer support for the level of engagement with the business			Average score, points	Awareness			Satisfaction			Average score, points
	S	N	**W**	S	N	**W**	S	N	**W**	S	N	**W**		S	N	**W**	S	N	**W**	
A-segment	8				5				3			3	**4,75**		5			6		**5,5**
B- segment		5		8			7			7			**6,75**	8			7			**7,5**
C- segment		4		7			9			9			**7,25**	9			9			**9,0**

Figure 6 Target customer loyalty matrix

Behavioral loyalty

Perceptual loyalty			
10	Zone of hidden loyalty	Zone of hidden loyalty ②	③ Zone of absolute loyalty
6	① Consumer uncertainty zone	Consumer uncertainty zone	Consumer uncertainty zone
3	Zone of lack of loyalty	Zone of false loyalty	Zone of false loyalty
	3	**6**	**10**

Symbols: 1 is Cluster A; 2 - Cluster B; 3 - Cluster C.