

DECISIONS OF CUSTOMERS LOYALTY PROGRAMS FORMATION

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Abstract

In order that company could be prosper, successful and competitive in the market it has to keep the customer loyal. Recently business companies have started to focus on the present customers more, seeking to keep them by using various loyalty programs. Well prepared and developed loyalty stimulation tools can be effective method to strengthen relations with customers, increase sales, identify the most popular and best saleable products, evaluate how to choose the best price decisions, form the production assortment and solve other urgent questions for business.

The article deals with theoretical decisions related with factors influencing customers' loyalty, types and formation principles of loyalty programs, the impact of loyalty programs on customers' behaviour. Basing on this background, the case study of customers' loyalty programs proposed by Lithuanian and United Kingdom large retail nets MAXIMA LT (Lithuania) and TESCO (United Kingdom) are presented in the article.

Keywords: customers loyalty program, factors influencing customer loyalty, types of loyalty programs.

Introduction

Customer relationship management is the general company strategy which concentrates to the creation and retention of the long lasting and strong relations with customers. Namely loyalty programs are creating for the effective development of these relations.

Present customers are more various and individual, divergent and demanding. Currently they are more intelligent, scrupulous and expecting more from sellers. Their named needs can be typical but not named needs and wants can be even more important (Fisk, 2007). Thus considering their expectations, companies have started to create various loyalty programs seeking to attract and keep customers.

During the last decade customers have proved with their actions that they are requesting more and more interesting programs created for them. Since then a lot of loyalty programs have been created that customers could select from many versions. Still even their needs have been satisfied and they have got a big attention, that doesn't mean that they remain loyal for the one company.

The loyalty program is bilateral benefit between company and customers. Every company should be ready to ensure the benefit seeking that exactly the loyalty card of "that" company would be the main for customer. Good loyalty program provides many advantages for the company. Loyal customer mostly pays for the desirable product and will be less persistent in requesting discounts.

Still it is quite difficult to estimate if loyalty programs are operating and how effectively even the company has information about loyalty programs, customers, etc. According to Sirdeshmukh, Singh & Sabol (2002), loyalty programs are becoming one of the most influencing factors for the increase of company profit. Uncles & Dowling (1997) affirms that loyalty programs have two purposes. First is to increase the profit while increasing the number of purchases among customers and also expand the assortment of products from suppliers. Second purpose is more stabile, i.e. while creating stronger relations among brands and present customers, company is seeking to strengthen and keep the database of customers. The popularity of loyalty programs are based on fact that profit can increase a lot if the company will seek for one of above purposes. Still how these loyalty programs are efficient it is quite difficult to estimate for marketing specialists.

Thus loyalty programs are not the universal tool that is solving all business problems, even if programs are made without preparing proper tasks. Though well prepared and developed loyalty stimulation tools can be effective method to strengthen relations with customers, increase sales, identify the most popular and best saleable products, evaluate how to choose the best price decisions, form the production assortment and solve other urgent questions for business.

Recently the most comprehensive studies on loyalty programs are related with scientific discussions by Morgan, Crutchfield & Lacey (2000), Woolf (2001), Sirdeshmukh, Singh & Sabol (2002), Dowling & Uncles (1997). Berman (2006), Rust & Oliver (2000) are analyzing types of loyalty programs. Moloney (2006), Dawkins (1997), and Reichheld (2001) are presenting steps of loyalty programs formation. Still most

of authors don't have the united opinion regarding number of loyalty programs types and that leads to different stages of loyalty programs formation, development and control.

Thus the problem is related with the need to generalize customers' loyalty programs formation purposes, types of loyalty programs, stages of loyalty programs implementation, development and control that are excluded in scientific literature and, basing on the literature review, analyze particular loyalty programs in cases of biggest retailing nets in Lithuania (MAXIMA LT) and TESCO (United Kingdom). That let to evaluate the progress of both retailing nets in loyalty programs development context.

The purpose of the article is basing on the generalization of loyalty programs types, stages of implementation and control, to fulfill the comparable analysis of customers' loyalty programs proposed by Lithuanian and United Kingdom large retail nets.

Research methods used in the article: systemic and comparable analysis of scientific literature, case analysis.

Literature review

Purposes of loyalty programs formation

Frequently customers purchase products because they know them well and therefore save the time and energy. These customers are not against other products and acting like that because of inertia. The difference between loyal customer and inertia is the level of customer involvement. In real loyalty case the high involvement level is typical for customer and he or she will choose only particular product.

Seeking to induce customers to choose the particular product, companies are offering discounts, stimulations. Loyalty programs are creating that let for emprise to group customers according to loyalty level. Loyalty programs are mostly created according to raised purposes. These purposes can be various, mostly they are: (1) to attract as many as possible customers; (2) keep the closer connection with customers and (3) increase the profit of the company.

Moloney (2006) propose to exclude purposes according to their stability criteria:

Operative/ changing purposes i.e. (1) increase the profit while raising levels of customers' purchase or products consumption, and (2) expand categories of offering products from suppliers.

Stabile purposes i.e. (1) develop the stronger and closer connection between products and customers, (2) help to develop and control customers' database usefully.

Later then company will implementing loyalty programs, these purposes can change. Popularity of loyalty programs, the distribution among customers, rendering of advantages for customers are influencing purposes as well.

Also additional purposes are excluding in loyalty programs formation, which later let to develop and control loyalty programs, i.e., further cross sale, development of databases, help in developing additional trade connections, creating and improving public relations politic of the company, create friendly relations with other companies and association of them for the general aim.

According to Long & Schiffman (2005) it is easier for the company to estimate the particular loyalty program type then purposes of these programs have evaluated.

Types of loyalty programs

Dowling, Uncles (1997) have excluded 4 types of loyalty programs that let to define principles of loyalty programs working: (1) discounts, (2) stimulation, (3) nearness, (4) association, the constant maintenance of connections.

Later Debelak (2005) have refilled with two more types and have composed the typology of almost all loyalty programs:

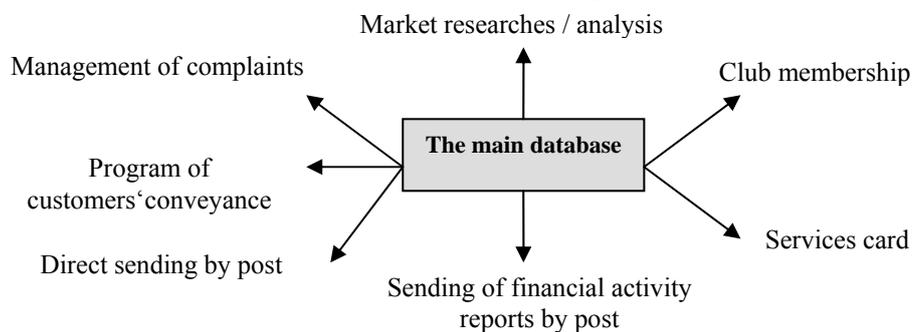
- Evaluation – provide more products and services than they are expecting;
- Reward – give awards, not linked with company products or services, to customers;
- Partnership – let to choose the award from other possible companies;
- Discounts – present money for customers when they purchase more;
- Cooperation – create the long lasting relationships with customers basing on mutual benefit;
- Coalition – associate with other companies in order to share the information about customers and aim to new potential customers;

Thus there are several types of loyalty programs. For example, Berman (2006) have grouped all functional customers' loyalty programs into four main types (1 table).

Table 1. Types of loyalty programs (according to Berman, 2006)

Programs types	Programs characteristics/ advantages and shortages
Type I – Registered members get additional discounts	Membership is open for all customers. Every member gets the same discount independent of the individual history of purchases. Companies don't use information related with customer name, residence place and purchases Any customer gets the estimated discount when presenting the membership card. Many programs are not able to attract big amounts of participants considering their simplicity. The simplicity of these programs related with quite easy registration of customers and the almost no concern regarding privacy. Still this type has enough shortages, i.e. these programs are not rewarding the loyal behavior, only members of cards and it is not stimulating the repeat purchase.
Type II – Members are rewarding with free products when they are purchasing the estimated amount of products.	Membership is open for all customers. Company has not the database which could relate customers and their purchases. Customer is rewarding with free product in case if customer purchases the estimated amount for the full price. These programs are similar to quantitative discounts which are based on the total amount of purchases products but not on the frequency of purchases. This type is frequently controlled by the customer. Customer has the own "account" of purchases (mostly in loyalty card form) which is scanned during every purchase. In time then the estimated amount of products have purchased the customer gets free product. These programs are quite simple but competitors can copy these programs as well.
Type III – Members get points depending on purchases amount	Companies are seeking to attract customers that they could spend as much as possible money. This type is based on customers past purchases. In this case, company is requiring the exact data of customers, which let to identify all purchases and know how many points the customer has. Sometimes these programs are stimulating customers to increase purchase or reward loyal customers. This type is oriented to the accumulation of points and also gives the individual offers, discounts basing on purchase history.
Type IV – Members want to get offers and discounts only for them	Members are grouped to segments and company knows their purchases history. Company needs the exact database which includes all demographical information and purchases history. These programs have a big influence for companies and are used widely in marketing strategy. Still there is one shortage that the implementation of this program needs quite much time.

Companies, which have choose the type IV, have to develop particular databases and be proficient in data gathering and managing the communication with customers and their rewarding program. The distribution of customers' information gives the benefit for company (Picture 1).



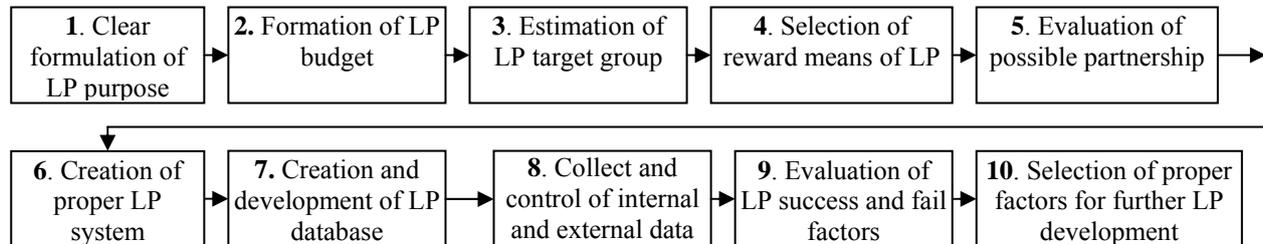
Picture 1. Benefits of customers databases (Berman, 2006)

The collected data about customers can be included into the available databases or can help to develop new services and marketing strategies. Companies are inclinable to use information about customers that could define target groups.

Stages of effective loyalty program implementation, development and control

Loyalty program formation goes through several stages – from target groups’ estimation to success conception preparation. Bagdoniene & Jakstaite (2007) affirm that company should know what could be the success of the program and how to estimate it from the beginning of the loyalty program creation as its success depends on raised purposes.

Planning and implementation of loyalty program is quite complex process so it has to be evaluated, observed and organized properly. Berman (2006) has presented the successful process of loyal program (LP) implementation that includes 10 steps (Picture 2).



Picture 2. Process of loyalty program successful implementation (according to Berman, 2006)

Generalizing the opinion of Long & Schiffman (2005) and Oliver (1999), we can exclude these loyalty program decisions oriented to customers’ interests: (1) estimation of exact customers segment, (2) analysis of customers’ priorities, (3) analysis of customers’ expectations, (4) maintenance of high level of customers’ conveyance, (5) formation of customers’ opinions, (6) personification of loyalty program means according to customers needs.

Researchers of loyalty programs (Dawkins, Reichheld, 1990; Moloney, 2006) presents several stages which should be controlled precisely by company then thinking about loyalty programs renewal and development: (1) analysis of current loyalty program, (2) identification of possible threats/weaknesses, (3) deeper and further analysis of customers expectations, (4) continual formation of customers opinions.

Seeking that implemented loyalty program will work successfully, the company must control this activity. Control should involve past, present and also future. Michaud (2000) excludes several aspects of successful loyalty programs creation and control that help to strive to satisfy customers: (1) creation of relations, (2) listening and demonstration of attention, (3) using of humor, (4) maintenance of positive relations, (5) behavior with clients as with family.

Reichheld (2001) presents proposals for active loyalty programs control that help to compete successfully in market and render attractive loyalty programs: (1) observation of current and new programs operation, (2) maintenance of positive relations with customers, (3) maintenance of high level of customers’ conveyance, (4) ensuring of customers database safety.

Majority of customers repeat their purchases if loyalty programs are implementing properly. Thus in spite of possible success, companies must improve their relations with customer and estimate the link with every one of them. According to Dovaliene, & Virvilaite (2008), the main task of company is to do everything in order that the customer would return. Later the new perspectives should be proposed for the consumer which has returned to the company. Satisfaction of customer creates the real loyalty and at the same time long-term relations are creating and stimulating that leads to the profit of the company.

Research method

The method selected to evaluate loyalty programs was the case study. According to Yin (2002), a case study is one of several ways of doing research whether it is social science related or even socially related. It is an intensive study of a single group, incident, or community. Rather than using samples and following a rigid protocol to examine limited number of variables, case study methods involve an in-depth, longitudinal examination of a single instance or event: a case. They provide a systematic way of looking at events, collecting data, analyzing information, and reporting the results. As a result the researcher may gain a sharpened understanding of why the instance happened as it did, and what might become important to look at more extensively in future research.

Flyvbjerg (2006) affirm that when selecting a case for a case study, researchers often use information-oriented sampling. This is because the typical or average case is often not the richest in information. Extreme

or atypical cases reveal more information because they activate more basic mechanisms and more actors in the situation studied. That why for our case two big retailing nets in Lithuania and United Kingdom (UK) have been selected as the information about them is open and sufficient. Case study of both retailing nets “Maxima” and “Tesco” have been prepared basing on above literature review.

Findings

Similarities and differences of loyalty programs in Lithuania and UK

More and more loyalty programs have started in Lithuania lately. Still most of them became quite similar and less effective for customers. Managers and marketing departments of ones companies' are expecting that loyal cards and discounts will solve clients “attachment” tasks. Others want not to leave behind competitors and respond to fashion to spread cards (Matevičiūtė, 2006). While formatting customers' loyalty, marketing specialists have to take into account the constant change of customers' habits and needs that are changing in social, cultural and geographical aspects. While searching for most effective ways of attracting and maintenance of customers, companies should observe and analyze market continually; also innovation and creativity are very important.

The most advanced Lithuanian companies are creating new and constantly developing existing loyalty programs basing on local market changes and trends, and experiencing from best international companies practice. Lately the constant increase of loyalty programs number is noticed in Lithuania. Still there are cases that the created and implemented loyalty program not justifies expectations of company and customers in Lithuania. Then more and more often companies are basing on experience from international companies which have already implemented successful loyalty programs, evaluating mistakes, analyzing new possibilities and taking decisions regarding loyalty programs renewal.

Basing on Teng & Laroche (2006) research results carried on in UK, customers are valuing these criteria most of all: (1) price – value (94 %), (2) quality of product (92 %), (3) service to customers (89 %).

The same criteria are dominated in Lithuanian market but they are distributing in different proportion among customers. Basing on RAIT research organization, loyalty among Lithuanian customers are distributing next: the biggest attention is given for the price of product, i.e. even 96 % of customers have excluded this criteria as the main, then the quality of product is following (87 %). Service for customers is less important (71 %). The price is the main criteria when choosing the product for Lithuanian customer. Still lately it noticed that customers are choosing more expensive and qualitative product more often.

The market of loyalty programs in UK is one the biggest in the world. This market can offer for customers many loyalty programs of various retailing nets. The first loyalty program that is operating on loyalty card principle has proposed by retailing net “Tesco”. That has happened in 1995 cooperating with „Direct Marketing” agency.

Loyalty programs: “Tesco” case study

“Tesco” – is the leader of UK retailing trade. Firstly it has sold only food products then developed the assortment with clothes, electronic appliance, financial, internet services and telecommunications services (Fisk, 2007).

Analysis of competitors. According to 2007 financial reports the profit of “Tesco” has reached 2,8 billion England pounds sterlings, turnover – 24 billions, sales – 51,8 billions. Comparing with other biggest competitors, i.e. “Asda”, “Sainsbury’s” and others, “Tesco” covers 30 % of all UK food retailing trade market. Also this trade market has branches in foreign countries. According to “Tesco” annual review products sold in foreign branches have reached 20 % of all sales in 2007.

Purposes of loyalty programs. While implementing its purposes, “Tesco” is upholding next values: “no - one tries harder for customers” and “treat people how we like to be treated” (Humby, Hunt & Phillips, 2007). “Tesco” club card which has presented in 1995, is the most successful retailing trade card in the world. “Tesco” has changed relations with customers. Today “Tesco” is not the one of the leaders of retailing trade in UK but also the successful net in the world which is developing the internet trade also.

This net is one the most growing financial services companies and also the most effective in using CRM (customer relationship management) in its activity. After summing results, it has emerged that “Tesco” has paid over 1 billion English pounds sterlings for customers in form of various discounts in latter several years. About 10 millions active customers own the card of “Tesco”.

Types of loyalty programs. Audit and financial consultation company “KPMG” has defined “Tesco” loyalty programs types and named them next:

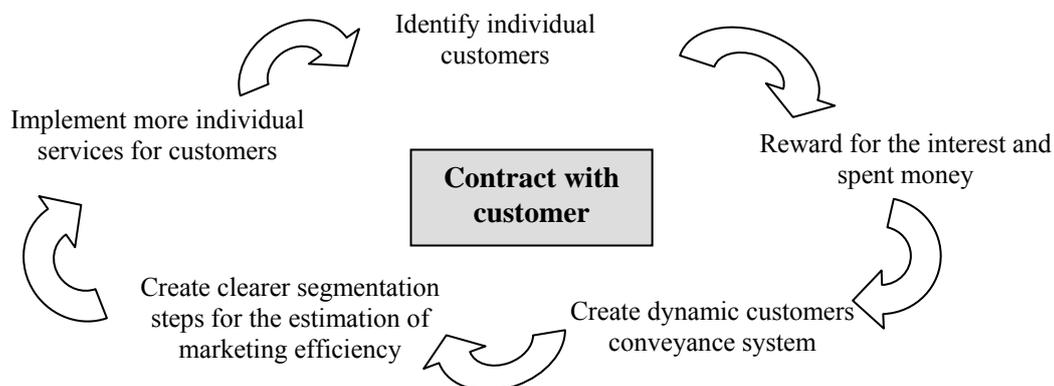
- (1) “Pure” loyalty. That means that company is constantly strengthening relations with existing clients in order that could find out requirements of customers and have capabilities to present what they want;
- (2) “Pull” loyalty. This type indicates that “Tesco” is pulling customers while complementing and renewing its offers. For example, customers who purchase car care means, in the same time gets discount in particular petrol filling station. There are many of offers which are proposing “Buy one get one free” in UK and they are also attached to this type of loyalty;
- (3) “Push” loyalty. Here discounts for customers are offering if they using new canals of sales. “Tesco” delivers products for free, if client orders them by internet and give the individual number of “Tesco” Club card. Also client gets 5 % discount for all products if pays with credit card (“Tesco” and particular bank joint card).

Thus the biggest retailing trade net in UK is combining successfully all these loyalty programs types (Humby, Hunt & Phillips, 2007).

Implementation. “Tesco” Club cards are saving the history of the customer purchases. All “Tesco” customers get personal letters before every quarter of the year where are special offers for every customer individually. Customer gets min six various offers depending on the purchase history. Still if the customer is not regular, in any case he/she gets the discount. Here products, for which the discount will be offered, are harder to forecast. “Tesco” is trying to forecast which products the client will purchase the most regularly. According to these forecasts, the plan of discounts is prepared and the target offers send to customer’s home.

Quite small marketing department, which has created the “Tesco” ClubCard, has observed one year the activity and success of first cards in fourteen from six hundred trade centers of “Tesco”. In May, 1995 first steps of databases creation have started. Thus the new loyalty program has been implemented and it is existed almost 14 years. Creators of „Tesco“ ClubCard are naming 7 aspects which have provided to the success of implemented program, i.e. *impulse, simplicity, control, interest on process, good preparation, ambitions, commitments* (Humby, Hunt & Phillips, 2007).

“Tesco” ClubCard is giving the “promise” for every new customer during the purchase. This “promise” is simple but provident. It states: „connect to “Tesco”, „become the member of our brand, the long lasting intermediate”, “open “Tesco” ClubCard account and more you will buy more benefit will get”. This conception which is hiding in ClubCard loyalty contract is presented in Picture 3.



Picture 3. Conception within the contract of “Tesco” ClubCard with customers (Humby, Hunt & Phillips, 2007)

First 5 millions of “Tesco” customers have using the ClubCard very successfully while picking points in first period till May, 1995. That means that “Tesco” has committed to “pay” for customers about 14 millions English pounds in various coupons which customers can spend in “Tesco” trade centers purchasing various products. This number has growing constantly and in first quarter, 2006 has reached the sum of 80 millions of English pounds paid to customers.

“Tesco” always concerns the opinion of customer. It has created the Debates Club in internet website that customers could spread the information about various experiences in “Tesco” centers. With the help of this debate club, “Tesco” could analyze mistakes, make decisions and present new ideas for clients. That was

really to the point because customers got what they wanted, i.e. offers, actions, etc. Constantly customers have participated in surveys, presented their offers and that let them to feel special customers because "Tesco" has listening to everyone. Considering the quicken time of life, "Tesco" has presented the healthy lifetime and feed principles in company website. This service later has become personal cause customer who has "Tesco" ClubCard and filling its number, indicating height and weight, can get information and advises on how to feed and what means should be taken in order to live healthy.

Development. In 1996 "Tesco" has started to create the new loyalty offer for customers basing on analysis of the previous success of the loyalty program. That were first steps of "Tesco" loyalty program development offering very successful idea of "Baby Club", when young parents (expecting of having babies) get the special attention and offers from "Tesco". After the evaluation of possible threats of existing and new loyalty programs, "Tesco" has proposed for customers "Kids Club", "Healthy Living Club" and "Tesco Food Club", which have been welcomed lately by customers (www.tesco.co.uk).

"Tesco" has invented the new way how to attract more customers and increase the turnover. It has propose for customers possibility to accumulate air miles, i.e. why ClubCard loyalty card cant expand possibilities customers to travel? To change coupons of "Tesco" ClubCard to holydays, flights and other similar activity is simply as to go shopping.

Control. "Tesco" is observing constantly existing and new loyalty programs how programs are evaluated among customers and what can be improved. "Tesco" has risked during all loyalty programs existing period. Risk has reached millions of costs that possible could be distributed badly or even irrecoverable. Also "Tesco" has risked loosing a part of customers every time offering possibilities of joining new clubs. Still "Tesco" has evaluated every step several years, asking customers and clarifying important aspects (Humby, Hunt, & Phillips, 2007).

Financial services company "JP Morgan" has estimated eight fields which are distinguishing "Tesco" loyalty program from other competitors: (1) identify customers tendencies, (2) estimate right canals of information conveyance and communication, (3) offer more attractive actions for customers, (4) responsive actions against competitors, (5) estimate correct customers groups and segments, (6) power of negotiations, (7) cross sale, (8) choice of effective products layout.

Loyalty programs: "Maxima LT" case study

"Maxima LT" has opened first three shops in 1992 in Vilnius, Lithuania. Currently "Maxima LT" is the biggest operator of retailing trade net in Baltic countries which has more than 400 shops in Lithuania, Latvia, Estonia and Bulgaria. Presently there are 231 "Maxima X", "Maxima XX" and "Maxima XXX" retailing centers in various Lithuanian big and smaller towns. The turnover of "Maxima LT" was 5,120 billions Litas per 2007.

Analysis of competitors. The competitors of retailing net "Maxima LT" can be named JSC "Palink" managed "IKI" retailing net, "Rimi" and JSC "Norfos mažmena". Some of these competitors are also rival ring in neighborhood countries.

In spite of that "Maxima LT" has the loyalty program "Ačiū" which has developed widely in Lithuania, the first proposed the loyalty program was "IKI" retailing net in the country. The first "IKI" loyalty program can be called the action "Dream worth You" in 2001-2002, during which "Ferrari" car and other prizes could be won.

While increasing the competition among companies, loyalty programs become very important instrument in this rivalry. Also companies which are using and improving databases with customers' information, get new possibilities to use information about customers purposively.

The first retailing net loyalty program has born from "Maxima LT" wholesalers' loyalty program which has been implemented in February, 2001. Later "Maxima LT" has produced loyalty card "Maxima/SEB/Senukai". This international card has been designed for those who want not only to pay, take cash but also lend sums from the bank. Also it is cooperating with other banks too (Swedbank, DnB Nord, Snoras).

Purposes of loyalty programs. The strategical purpose of "Maxima LT" is to deserve the loyalty of customers for the whole life. All the existing period "Maxima LT" has seeking to understand needs of customers thoroughly in order to propose as much as possible right offers and stimulate them to visit and shop in "Maxima LT" net shops as often as possible.

This purpose is implementing with the help of loyalty program "Ačiū" (before 2008 this card has called Maxima, the discount program - Maximum). Customers that have purchases these loyalty cards, are

participating in "Ačiū" discount program where points are accumulating from every purchase sum. These points are transferred to cards and converted to Litas in ratio 100 points = 1 Litas. Customer can spend this sum while buying products in "Maxima LT" shops, then the sum of purchase is 50 % of total sum. "Maxima LT" has several business partners which are proposing discounts for those who has "Ačiū" loyalty card. Also "Telexima" service is proposing for customers which is integrated into "Maxima LT" loyalty program. While buying in "Maxima LT", customer gets the coupon together and can refill the account of "Telexima" mobile telephone.

From 2008 "Maxima LT" has started to sell loyalty cards "Ačiū", which can be purchased in shops for 4,99 Lt. The main purpose of "Ačiū" loyalty program was the wish to identify the customer according to the magnetic loyalty card. The sum spend by customer is fixed in the card that let to propose offers according to customer's purchase history. Still those customers whose personal data are available or company get special personal discounts every quarter of the year.

Types of loyalty programs. Basing on Debelak (2005), we can affirm that "Maxima LT" and also "Tesco", belong to cooperation loyalty program type. Thus differently than "Tesco", which is emphasizing the evaluation of customers, "Maxima LT" is attaching the special attention to discount system for loyal customers. Basing on Berman (2006) typology, "Tesco" loyalty programs can be attached to II and IV types, "Maxima LT" is applied I and III loyalty program types.

Implementation. From 2002, when first "Maxima LT" loyalty programs have started, retailing net had to observe, improve and control them. The first step of implementation "clear formulation of loyalty program" has not been formulated clearly because earlier card with banks have started which purpose has not been disclosed clearly. Only later "Maxima LT" has presented the possibility for all customers to purchase the loyalty card which is not related with banks. The distribution of budget of loyalty programs, estimation of customers segments were clear and didn't raise troubles ("Maxima LT" internal data, 2007).

Still to estimate expectations of customers in Lithuania market was not easy because Lithuanian customers are quite sensitive for price. That why "Maxima LT" loyalty program is oriented to discounts while shopping this retailing net and presenting the card in the checkout.

Customers participating in "Maxima LT" loyalty program can stay anonymous if they afraid of the safety of their personal data. Thus customers who are requesting to be unknown will not be rewarded, i.e. for the birthday and presents - double portions of points.

Development. "Maxima LT" is studying existing loyalty programs and review coffers of competitors. While being the leader of the business, "Maxima LT" is active and open participant of community life. This retailing net has started to support several projects in Lithuania:

- (1) Development of kids and youth talents. "Maxima LT" promotes various projects in Lithuania, also in smaller towns, regions, districts.
- (2) Activity of local communities. "Maxima LT" is trying to be in places where bigger communities of habitants have formed. Supporting these communities, company is seeking to promote civil, social and cultural activity of local habitants.

Seeking to attract more customers, "Maxima LT" has started to establish customers clubs, which purpose is to increase knowledge and stimulate the purchase indirectly. Various informational articles are presented to customers in "Maxima LT" website where they are distributing into clubs. The most popular clubs are: (1) "Saleable TOP", (2) "Only for women", (3) "Health", (4) "Only for men", (5) "Home", (6) "Maxima culinary" (www.maxima.lt).

Control. "Maxima LT" is seeking to emphasize the quality of products, the high control level, the attractive price, the wide assortment of products. Thus currently the biggest retailing net in Lithuania and Baltic countries, "Maxima LT" is attaching the special attention to the evaluation of customers needs. "Maxima LT" is working in the development of databases that let to estimate which products are purchased by regular customers and which part of all expenses goes to products purchases repeatedly.

From the beginning of retailing net creation, the mission of this net was to strive for the maximum benefit for customers, satisfying their every day needs in right way. This mission is implementing fully because "Maxima LT" is the retailing net which take care of all customers, their needs and wants.

Generalization of "Tesco" and "Maxima LT" loyalty programs

It can be concluded that two retailing nets "Tesco" and "Maxima LT" are differ in sales, turnovers, number of shops, etc.

Table 2. Comparison of “Tesco” and “Maxima LT” loyalty programs, 2007

Comparison criteria	“Tesco”	“Maxima LT”
First shop	In 1956	In 1992
Number of shops	3728 (in USA, Europe, Asia), from this number 2,115 (in UK)	439 (in Lithuania, Latvia, Estonia, Bulgaria).
The main purpose of loyalty programs	„Create the value for customers and deserve their loyalty for the whole life”	“Deserve customers’ loyalty for the whole life”
Types of loyalty programs according to Debelak (2005) according to Berman (2006)	Evaluation and cooperation II and IV types	Discounts and cooperation I and III types

It is quite difficult to compare these two retailing nets because countries where these nets are acting are quite different; different approaches to loyalty programs have formed, also different factors of cultural, economical and political environment are affecting. In spite of made researches, that customer are mostly not loyal for one retailing net, still we can affirm that the benefit from loyalty programs are very significant for these nets.

While comparing these two retailing nets, we can state that loyalty programs are operating successfully. That can see from the part of turnover got from loyalty cards. Though comparing these nets, it can be seen that “Tesco” is taking care of customers more because customers get more benefit and choices than “Maxima LT” customers. “Maxima LT” let for customers to accumulate points - money which can be used in purchasing products with 50 % discount and trying to impellent coupons system.

Table 3. Comparison of “Tesco” and “Maxima LT” loyalty programs means, 2008

Means	“Tesco”	“Maxima LT”
Discounts in shops	Yes	Yes
Price discounts basing on accumulated points	1 point for 1 spend pound	Points are accumulated and transferred to Litas in ratio 100 points – 1 Lt
Coupons	At the end of quarter coupons are sent to every customer basing on his/her purchases	From 2009 the coupons system has started
Customers clubs	“Tesco Food Club” “Tesco Baby & Toddler Club” “Tesco Wine Club” “Tesco Healthy Living Club” “Tesco Clubcard (Every Little Helps)”	“Saleable TOP” “Only for women” “Health” “Only for men” “Home” “Maxima culinary”
Entertainment	Customers have possibility to exchange coupons to travel, dinner at restaurant and other entertainment	Games Actions
Threats of LP	Problems with programs privacy	Low level of customers commitment for loyalty programs, programs privacy problems

In conclusion we can affirm that loyalty programs of retailing nets “Tesco” and “Maxima LT” are successful: target groups of customers have selected rightly, purposes have defined and the development of loyalty programs has considered.

Conclusions

Last decade customers have proved that they are requesting more and more interesting loyalty programs. From these times loyalty programs have been created as many that customers have quite wide choice of them. Though needs of customers have been satisfied but they are not remaining loyal for one particular company. Strategies of loyalty programs can provide frames for new and existing programs that let to implement successful loyalty programs.

The theoretical backgrounds of the article and later case study is based on scientific discussions and researches, committed to loyalty programs, presented by Dowling & Uncles (1997), Dawkins (1997), Morgan, Crutchfield & Lacey (2000), Woolf (2001), Reichheld (2001), Sirdeshmukh, Singh & Sabol (2002), Berman (2006), Rust & Oliver (2000), Moloney (2006), etc.

Loyalty of customers gathers the exclusive meaning in those fields where competition is very intensive and the supply is conventional. That characteristic for retailing nets where every net is seeking to propose more benefit than in other competitive retailing nets (Bagdoniene & Jakstaite, 2007).

The comparative case study of retailing nets “Tesco” and “Maxima LT” loyalty programs and evaluating stages of these programs formation, these advantages of “Tesco” can be excluded: (1) Retailing net “Tesco” is giving more attention to customers database development and improvement. Data are used purposively while proposing to customers personal present coupons, entertainment, traveling and leisure services and that are increasing loyalty of these customers. (2) “Tesco” is proposing personal discount coupons every quarter of the year by post. While loyalty points are accumulated in every purchase and can be transferred into money in particular ration in retailing net “Maxima”. According to Bagdoniene & Jakstaite (2007) research of Lithuanian retailing nets loyalty programs from point of customers, customers of “Maxima LT” are not feeling exceptional clients. (3) “Tesco” has customers’ debates interactive clubs where customers can communicate and share experience about products and loyalty programs, express their expectations and requests. That gives the additional information about customers’ needs, loyalty programs formation and development problems, etc. Those interactive debates clubs would be advisable for “Maxima LT”.

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