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DEVELOPMENT AND EVAPORATION OF CUSTOMER LOYALTY: A NEW CONCEPTUAL MODEL

Karunaratna A.C and Kumara P.A.P.S

Department of Marketing, Faculty of Management and Finance, University of Ruhuna

ABSTRACT

Customer loyalty has become a strategic tool in the highly dynamic and competitive business context. Due to the magnitude of its impact, loyalty is treated as the new mantra for sustained growth and profitability of the business. Especially in the marketing context, customer loyalty has become the focal point of interest for marketing researchers and practitioners. Customer retention is vital for a firm because acquiring a new customer is far more expensive than keeping an existing one. In retaining customers, loyalty plays a vital role. Preserving a satisfied customer base is highly important for a company, because highly satisfied customers stay loyal longer, talk favourably about the company products and services, pay less attention on competing brands and especially less sensitive to prices and offers of competing brands. Customer loyalty has been addressed in different views in different contexts such as brand loyalty, vendor loyalty, service loyalty and store loyalty etc. Because of its higher weight, the concept of customer loyalty has drawn a greater attention in the modern marketing context. An extensive survey of literature was conducted to identify the major determinants of customer loyalty. Although scholars have examined the impact of the various determinants on customer loyalty, studies on how customer loyalty is developed and evaporated are limited. At the initial phase, it is studied how loyalty is developed and identified the factors of customer loyalty. In the second stage, it is studied how loyalty is evaporated and what factors will be affected on this behaviour.

Keywords: corporate image, customer loyalty, customer satisfaction, services quality