
A Conceptual Framework of Customer Retention Strategy (CRS)

Palto Ranjan Datta

University of Hertfordshire, UK

Keywords

Customer relationship marketing, customer retention, customer loyalty, commitment, bond, service quality, retailing, satisfaction

Abstract

The retail industry is huge and dynamic, an industry in which change is a constant phenomenon. Over the last few decades in both Europe and North America one has seen the emergence of supermarkets as the dominant retail form. This is due to the fact that consumers' behaviour has changed and shifted towards convenience, high quality produce and provision of customer care. Customers also demand greater choice and would appear to place even greater emphasis on value for money. Flexible payment methods and sophisticated channels of distribution have also played their part. These factors combined with the growth of the car owning middle class enjoying economic stability have also fuelled its growth. To cope with consumer demands retailers are constantly reshaping their business strategies and striving to offer the right products and services both to meet existing needs and to anticipate and stimulate future demand.

Several consumer-oriented factors have contributed to challenges in the field of grocery food retailing. These include fluctuations in the economy, changes in consumers' demographic characteristics and life style eating habits, the search for a convenient way to shop providing wide varieties of assorted and branded products, quality of products together with a steady increase in the number of car owners in urban areas. Relationship Marketing is the biggest paradigmatic shift in marketing theory and practice in recent decades.. Customer retention has received considerable attention and has become a prime issue for organisations desiring to stay in business, maximise profits or to build and sustain competitive advantage.

This current study critically examines the relevant literature to set the theoretical foundation on relationship marketing. By reviewing current literature various constructs of relationship marketing in relation to customer retention were identified, examined and discussed. A conceptual framework of Customer Retention Strategy (CRS) was developed and established the hypotheses which are to be empirically tested. The conceptual framework will establish the association of various relationships marketing (RM) constructs with customer retention. The model integrates the concept of bonds, service quality and components of relational quality (Trust, commitment & satisfaction) into one relationship model to show the relationship between these five constructs and customer loyalty and finally the independent variable of customer retention.
