



# Customer retention: a potentially potent marketing management strategy

**RIZAL AHMAD**

Canterbury Business School, University of Kent at Canterbury, Kent CT2 7PE, UK

**FRANCIS BUTTLE**

Manchester Business School, Booth Street West, Manchester M15 6PB, UK

---

The traditional marketing approach advocates the marketing mix principles and the quest for market share dominance through mass marketing techniques and a focus on new customer acquisition. This approach has guided managers for decades in planning and implementing their marketing strategies. However, several authors have drawn attention to the inadequacies of the traditional marketing approach, which led to the birth of relationship marketing (RM). RM advocates supplier–customer interaction and maintaining long-term relationships with a focus on customer retention. Customer retention, in the traditional marketing approach, is however seen as the ‘end’ rather than the means to delivering long-term profitability to firms. This paper discusses key issues pertaining to customer retention management, namely its definition, forms of measure, benefits and potential strategies for application. It uses examples from a variety of contexts. It is proposed that customer retention should be part of the strategic marketing planning process. Customer retention, we envisage, is a potentially potent marketing management strategy. Further research is also recommended.

**KEYWORDS:** Relationship marketing; customer retention; marketing plans

## INTRODUCTION

Dawkins and Reichheld (1990) brought the tangible advantages of retaining customers into prominence. Based on their consulting experience, they claimed that a 5% increase in retention rate led to an increase in the net present value of customers of between 25 and 85% in a wide range of industries, from credit card to insurance brokerage and from motor services to office building management. Despite its potential benefits, customer retention did not obtain much attention in strategic or marketing planning processes. Grant’s (1995, p. 122) classification of resources, for instance, ignored customers as an important resource or asset and, hence, his recommended strategic planning process did not consider the value of relationships with existing customers. An earnings-based forecast using expected income streams from existing customers is known to have been used successfully in valuing a company and its eventual take over (Stewart, 1996, p. 26). Empirical research that investigates the relationship between

customer retention practices and profitability is also lacking. Empirical works carried out thus far have been limited to attempts to model the mechanics of customer retention in terms of their potential causes and effects of customer retention to companies (Page *et al.*, 1996; Payne and Frow, 1997). These authors acknowledged that customer retention has brought tangible financial benefits to firms and that existing, new and potential customers should be treated differently. However, very few organizations, as Payne and Frow (1999) reported, have measured the economic value of their customer retention strategies.

This paper probes the subject of 'customer retention' further and concludes that it should be integrated into the strategic marketing planning processes of firms. We begin by discussing the main differentiating aspects of the traditional and relationship marketing (RM) approaches and the similarity of their end goal – profit for firms. The traditional approach, on the one hand, generally tends to emphasize acquiring new customers and increasing market share, partitioning heterogeneous customers into homogenous segments and using brands to promote products and attract new customers. We claim that firms advocating the traditional marketing approach have failed to realize the potential benefits of keeping their customers. RM, on the other hand, generally tends to emphasize keeping existing customers, increasing share of customers' spend and maintaining long-term relationships with individual customers. We then highlight the significance of customer retention, offer our interpretation of the term customer retention, and raise issues pertaining to its measurement. Customer retention, we argue, offers firms a number of benefits. We also discuss potential strategies that may be used to retain customers. We acknowledge that 'one size does not fit all' and the situation of a firm can be an important determinant of the timeliness and appropriateness of particular potential strategies. We conclude by conceptualizing a framework which may help firms determine a fit between their business situations in terms of their products and markets and potential strategies for retaining their customers. Finally, we identify the implications of our arguments to practitioners and theorists.

## **THE INADEQUACIES OF THE TRADITIONAL MARKETING APPROACH AND THE EMERGENCE OF THE RM APPROACH**

The traditional marketing approach, which is sometimes referred to as a conventional or classical marketing approach, states that firms should determine customers needs and wants. Customers should be organized into market segments for which the firms should develop products. Firms should then organize their functional activities in order to satisfy the targeted segments. Marketers in turn assume that they can exert unilateral control over their customers through timely manipulations of the '4Ps' or other elements of the marketing mix, particularly with the use of financial rewards such as price discounts, gifts and promotions. (The 4Ps model of the marketing mix was popularized by McCarthy (1960) and comprises price, place, promotion and product.) The traditional approach considers customer loyalty or attachment to a brand as a key outcome of its marketing activities.

The three main aspects of the traditional marketing approach that we wish to highlight are now explained. The first is the focus on acquiring new customers in order to increase market share. The goal of market share dominance is promoted by the PIMS (Profit Impact of Market Strategy) programme of research. The PIMS principles have offered definitive ways of allocating resources in order to produce a required return on investment (ROI) for more than a decade (Buzzell and Gale, 1987, Chapter 1). PIMS analysis, for example, shows how a firm's ROI is determined by 22 profit influences (Buzzell and Gale, 1987, p. 274). As a result, the recommended PIMS process of analysing and allocating a firm's resources has suggested that firms

focus on those activities directed at customer acquisition. A persistent quest for dominating the market by way of controlling the largest market share could be, as British Airways (BA) experienced, counter-productive. The European Commission recently found BA guilty of illegal sales practices and fined it £4.5 million. BA was found to have abused its dominant position in the market by offering fidelity bonuses to travel agents who funnelled large numbers of passengers into its flights – a practice which Virgin (one of its rivals) claimed amounts to wiping out competitors (*The Times*, 1999, p. 1). The second aspect of the traditional marketing approach is partitioning heterogeneous customers into homogenous segments. This marketing connection was reiterated by Webster (1991, p. 97) who further stressed that segmentation was at the heart of every strategic marketing decision. This process was also illustrated by McDonald's (1999) detailed prescription for developing marketing plans. He pointed out that a market is an aggregation of all goods or services, the capability of which for satisfying customer needs may be manipulated by 'tweaking' the marketing mix. In McDonald's (1999) methodology, the customer audit process examines customers as targeted segments to be won. We view this as a prospective analysis of the market. A prospective analysis clearly does not examine the actual profitability of sellers' past associations with their customers and does not take into account customers' actual buying behaviours. In the credit card industry, for example, consumers belonging to the AB socio-economic groups are usually offered a relatively high credit limit as card issuers tend to assume they are more profitable than those belonging to the C1,C2 segment. In reality, it is common for those in the latter group to use their cards more frequently and maintain large unpaid balances. The Co-operative Bank's analysis of its Visa customers found that profitable customers were those who either used the card frequently or maintained high unpaid balances, thereby generating processing fees and interest income, respectively. It has now redirected its marketing effort towards this group of customers (Kaplan, 1995). The traditional approach, as a result of paying more attention to potential rather than existing customers, can be inefficient and ineffective. American Express credit card customers, for instance, were showered with promotional brochures and telephone contacts from multiple sales staff, each from different product groups or departments (Buss, 1999), which not only inconvenienced customers but was also unnecessarily wasteful. McDonald's (1999) objective setting process, as a result of the flaw in the customer auditing process, did not recognize the need for setting customer retention goals and strategies.

The third aspect of the traditional marketing approach is using brands to promote products and attract customers. According to Hallberg (1995), all consumers are not created equal and only a small number of buyers contribute to the profitability of brands. Hallberg (1995) observed that, for most categories of products, only one-third of buyers account for at least two-thirds of the volume of sales and this 'high-profit segment' delivers six to ten times as much as the low-profit segment.

Brands with a large market share are not always more profitable than brands of products with a small market share. In many cases, those brands that have a large market share are either less profitable or even unprofitable. Large-scale consumer promotions on established and frequently purchased branded grocery products have also been found to have no noticeable effect on subsequent sales (Ehrenberg *et al.*, 1994). The weakness of the traditional marketing approach with respect to brand management has, in practice, been recognized by managers. In the FMCG (fast moving consumer goods) market, in which mass marketing principles should theoretically be most relevant, managers have not found that the pursuit of market share *per se* produces a favourable outcome. FMCG companies, such as Lever Brothers and Elida Gibbs, have started to restructure their marketing departments and appoint managers in order to give attention to their existing customers. They have set up development teams who are responsible for maintaining

relations with retailers across their company's brands and have done away with brand managers (*The Economist*, 1994, pp. 79–80).

We will now turn our attention to the RM approach. Many authors over the past 20 years have argued for the inadequacy of the traditional marketing approach (Booms and Bitner, 1981; Berry, 1983; Gummesson, 1987; Grönroos, 1990, 1991, 1994a,b; Berry and Parasuraman, 1991; Christopher *et al.*, 1991; Brownlie and Saren, 1992; Webster, 1992; Payne, 1995). As a result, an alternative marketing approach, namely RM, has emerged. In its early conception, Grönroos (1990) defined RM as follows:

Marketing is to establish, maintain and enhance relationships with customers and other parties at a profit so that the objectives of the parties involved are met. This is done by a mutual exchange and fulfilment of promises. (p. 5).

However, RM's definition, conceptual content and practical implications continue to be debated. Six years after its conception, RM had yet to acquire an uncontested status and meaning (Buttle, 1996, p. 13). The appropriateness of RM has also been disputed (Blois, 1996) and so has the robustness of its underlying concepts (Saren and Tzokas, 1998). A decade later, theorists were still unsuccessful in producing an integrated theory. Harker (1999) examined a collection of 26 definitions and concluded that a 'true' and complete integration of RM theory must wait until a coherent understanding of its fundamental concepts has been developed. In practice, researchers have found that the traditional marketing paradigm has not actually shifted. Brodie *et al.* (1997) found that, although some firms favoured pursuing RM's principles, their marketing practices still reflected the elements of transactional marketing. RM and transactional marketing are in fact pursued alongside each other. However, a later study suggested that managers had begun to accept RM in terms of Grönroos' (1996) propositions (Coviello and Brodie, 1998). This research found that managers' perceptions of the relevance of RM was influenced by the business conditions they faced. They appeared cautious about RM's practical relevance to their specific businesses.

The six markets model, which was conceptualized by Christopher *et al.* (1991) and later explained more comprehensively in Peck *et al.* (1999), provides a framework for further understanding and application. Under the six markets model, RM is seen as a cluster of six markets, comprising internal, referral, influence, supplier and alliance, recruitment and customer markets, which is considered to be at the centre of all marketing activities. This broader perspective of RM is consistent with early proponents of RM such as Grönroos (1990) and Gummesson (1987). In his recent book, Gummesson (1999, p. 9) reiterated that RM should be viewed as more than just the activities of specialized departments and that RM will have no positive effect on firms unless their top management accept relationship values as a natural vantage point.

In the era of 'knowledge-based' economy, it was also timely that Saren and Tzokas (2000) raised the usefulness of RM in creating unique, difficult to imitate knowledge through the processes of interaction and dialogue. Knowledge about customers, we agree, can only be enhanced if firms are able to maintain lasting relationships with their customers. The RM approach, in contrast to the traditional approach, emphasizes interactions with customers and the preservation of long-term relationships. Its goal is to retain customers for the long-term.

## **THE SIGNIFICANCE OF CUSTOMER RETENTION TO FIRMS**

The end goal of a firm's marketing activities in the profit sector, irrespective of the way sales are made, whether by transactional encounters or relationships, is making profit. From RM's

perspective, successful firms are those which manage to turn their customers into clients (Berry and Parasuraman, 1991) and from prospects into partners (Christopher *et al.*, 1991; Peck *et al.*, 1999). Others such as Vandermerwe (1996) have pointed out that successful firms are those that 'own' their customers and pursue ongoing values for them.

Fornell and Wernerfelt (1987) emphasized that marketing resources may be better spent on keeping existing customers than acquiring new ones. This was based on the assumption that existing customers are profitable and they cost less to keep than to replace. Firms therefore have to be aware of the profitability of not just their products but also their customers. Contrary to its belief, the Co-operative Bank found that its independent financial advice and the sale of associated investment products were not profitable and contributed to the high expense levels associated with staff time (Kaplan, 1995). The overwhelming argument for customer retention is that it is cheaper to retain than to acquire new customers (Rosenberg and Czepiel, 1984; Blattberg and Deighton, 1996; Fites, 1996; Murphy, 1996; Vandermerwe, 1996, p. 24). Payne and Frow (1999) illustrated how an additional £5.5 million increase in expenditure, when directed at increasing the number of 'very satisfied' existing customers, could result in an £18 million increase in profitability. They computed that the additional expenditure would increase the number of 'very satisfied' customers by 6%. This increase would in turn result in a corresponding 4.8% increase in customer retention.

Customer retention clearly deserves some attention and should form a part of a firm's strategic marketing goals rather than simply being seen as the end result of 'good' marketing management. However, firms attempting to integrate customer retention goals and strategies into their strategic planning process need to consider practical issues. We have identified two major practical issues: defining the term 'retention' and measuring customer retention.

## DEFINING CUSTOMER RETENTION

Customer retention can be seen as the mirror image of customer defection, where a high retention rate has the same significance as a low defection rate. Customer retention management can be problematic if it is not defined precisely in a way appropriate to the firm's business. Should retention be defined in terms of absolute numbers of customers or their relative purchases? Should purchases be measured in terms of value or volume? For a firm which sells standardized products or services that have a predictable and uniform pattern of usage or consumption and large numbers of users, such as domestic electricity, a retrospective segmentation approach may be a suitable method. In this approach, customers can be divided into cohorts that share similar expected switching behaviour, spending levels and customer profiles. This approach has been used by an electricity firm and was reported on by Payne and Frow (1999). The same form of measure is not appropriate for a firm which sells products or services tailored to the needs of its customers, such as financial services and insurance or firms which sell products having few users, such as speciality chemicals. Defining customer retention in terms of percentage share of customer savings, borrowing, spend or purchasing may be more useful instead of in terms of the absolute numbers of customers. A bank customer may have several accounts with the same bank and may decide to close one of them. In the insurance industry, a policyholder may have several policies and may decide to cancel or replace a policy with another. An insurance company tends to regard an insurance policy as a customer and, hence, when a policy is cancelled for non-payment and later renewed, the new policy is taken to mean a new customer. It is misleading to treat either case as a defection. Alternatively, a customer may still keep an account but transfer

a substantial amount of money to an account in another bank or buy additional insurance coverage from another company. In these cases, the customer's existing bank and insurance company are, unknowingly, experiencing a defection.

The use of aggregate figures and averages in calculating retention rates can be problematic and as misleading as treating bank accounts or insurance policies as customers. This is because, between them, customers may have significantly different spending power and buying behaviours. It is not unusual for a small proportion of customers to account for a large proportion of company revenue. In a study of retail banks' segmentation by profitability, Storbacka (1997) found that 20% of their customer base accounted for 90% of their total customer base profitability. Hence, customers from the remaining 80% of the customer base were either unprofitable or contributed to an insignificant amount of profit. Moreover, defection rates tend to be much higher for new customers than long tenure customers (Reichheld, 1996). This means that a high proportion of new customers could bring down the rate of retention and vice versa. In some cases, suppliers are unable to detect hidden defections of their customers. Hidden defections occur when firms fail to recognize a slower growth in sales to a particular retained customer relative to the growth of the market. As an illustration, dealers in office equipment buy different brands of comparable or substitute laser printers from a number of suppliers. A high retention rate of dealers, in terms of the absolute number of dealers, in this circumstance is misleading as hidden defections are not considered. In order to help overcome the problem of hidden defections, a supplier could monitor sales penetration of their customers or their share of customers' purchases over and above the average level of sales. An issue related to the definition of customer retention is therefore measurement of customer retention.

## MEASURING CUSTOMER RETENTION

Dawkins and Reichheld's (1990) seminal paper on customer retention implied that a relatively small percentage increase in the retention rate can lead to a large increase in the net present value of customers. This suggests that customer retention may be measured in terms of absolute number of those staying as a percentage of the original number over a specific period, for example 1 year. DeSouza (1992) referred to this form of measure as a crude rate. However, this method poses a further question. How do we determine 'a period'? Some products, such as cars, clearly have longer purchasing cycles than others, for example tyres.

The appropriate interval at which a retention rate should be measured, therefore, need not necessarily be 1 year but, as Stewart (1996, pp. 35–6) argued, depends on the nature of the business and, more specifically, on the repurchase cycle appropriate in the industry. It would be misleading to suggest that 'A' has defected if 'A' has not purchased a new car in year 2 when the usual repurchase cycle of a new car is 3 years. It is therefore more meaningful for car dealers to measure customer retention every 3 years instead of every 12 months.

A much more complex computation arises when (1) customers have multiple suppliers, (2) a few customers have a disproportionate spend relative to other customers and (3) individual customers have several accounts with a single supplier. A building contractor may buy bricks from several different sources depending on their proximity to its building sites. A newsprint paper company, which needs to import pulp, may buy 70% from a main supplier and the remaining 30% from three separate suppliers. A bank customer may have several accounts with a single bank. In the first two scenarios, it is essential for a supplier to recognize the relative importance of a particular customer *vis-à-vis* other customers. DeSouza (1992) suggested a

measure of a weighted retention rate rather than a crude retention rate. A weighted retention rate refers to the rate that recognizes the relative importance of the buyers in terms of the volume of sales. If a defected customer had unit purchases that were double the average of all customers, his/her weighted retention rate should also be doubled or counted as equivalent to two customers. In addition, suppliers may also have to account for customers' relative importance in terms of potential growth in their demand. This may be measured in terms of the growth in their spend relative to the growth in the market.

In the third scenario, capturing a targeted proportion of the total spend of an individual customer is a much more useful measure than merely ensuring that accounts are not closed. Using the same illustration, the bank may aim to capture the largest proportion of its customer's 'lifetime value' (LTV) in terms of needs for banking products and services. The LTV of a customer refers to the customer's net present value to a seller. If the cost of attracting a customer is considered as a 'sunk cost' then the focus can be directed at achieving a surplus of revenue on the costs of selling and servicing the customer. If the period of relationship and future revenues and costs can be projected then the net value can be calculated and discounted at a chosen discount rate (usually a rate that takes into account the company's cost of capital and risk) in order to arrive at the LTV of a particular customer.

Several authors have recognized the importance of the concept of LTV. According to Dwyer (1989), customer LTV is an important construct in designing and planning a customer acquisition programme. Many researchers have studied its managerial implications in direct marketing (Dwyer, 1989; Wang and Splegel, 1994; Keane and Wang, 1995) and broader managerial applications (Wayland and Cole, 1997, Chapter 4; Berger and Nasr, 1998). Berger and Nasr (1998) discussed LTV in the context of five scenarios, i.e. with different combinations of assumptions such as discrete cash flows, continuous cash flows and historical purchasing behaviour. Wayland and Cole (1997) discussed a general application based on their consulting experience.

Although in theory LTV is a useful form of measure, in practice it is difficult to implement. The first difficulty lies in the lifetime construct. How do we determine the span of lifetime? For a consumer, should it be his/her nominal age or working life? For a firm, would the expected life of the products it sells be a suitable measure of customer lifetime? Clearly, the important consideration that a supplier should examine is the ability of a particular customer to continue to purchase or consume its products or use its services. The second difficulty lies in the process of building value information (Magson, 1998). Over what time period, in the past or in the future, should the data on value be captured and calculated? Historical data give actual values but may be of limited use. Historical data on costs or spend become useful for the future only if we can regard past purchasing behaviours as reliable indications of future purchasing behaviours. Estimated future data, on the other hand, gives predicted value, which the firm may or may not be able to realize. There is also a problem in estimating purchase probabilities, particularly for new products. A combination of both historical and estimated data, when possible, is probably the most sensible method. The next problem in collecting data pertains to determining the level of customers to be analysed? Doing it at an individual level would be tedious and may not be worthwhile, although it would give a clear indication of the profitability of every customer. Doing it at a segment or campaign level is more convenient but it assumes an aggregation of buying behaviours. Finally, how should a firm determine the appropriate discount rate? What is the cost of capital to a particular firm and how do firms assess their risk?

We have thus far dealt with the quantitative measure of customer retention. How do we account for the qualitative elements? Customer defection is the other side of the same coin but suppliers do not always have control over the reasons for all defections. Individuals die and

companies are declared bankrupt, cease to operate or change their activities. Keaveney (1995) identified ethical problems and involuntary factors as two causes of customer switching behaviour which providers of service are not able to control. A bank customer who does not approve of the use of interest in calculating and charging loans or rewarding savings may thus switch to another bank that offers an alternative way of charging for borrowing. The reasons for defecting or staying vary from one customer to another. A substantial number of satisfied restaurant patrons switch to other restaurants regularly, perhaps because they like to try different foods or atmospheres. Domestic electricity consumers stay with a particular electricity company because they do not have an alternative supplier. However, these electricity customers may minimize their use of electricity in preference for gas whilst waiting for the opportunity to switch to another supplier as soon as one becomes available. Hence, to suggest that an electricity company has a high retention rate is as misleading as to say that a restaurant has a high defection rate.

Nevertheless, quantitative measure of retention and defection rates can be a good starting point in the process of understanding customer retention. However, this will become more complex when a firm offers a wide range of products to many different customers. The optimal measure of customer retention would be one that is able to measure not only the absolute, crude or relative retention rate but, also and more importantly, it would be one that contributes to increases in the suppliers' present and future profitability. In using customer retention as a marketing strategy, firms have to establish continuous seller-buyer associations that can be connected to their profitability.

## THE BENEFITS OF RETAINING CUSTOMERS

Our discussion of the benefits of retaining customers takes the same form as our discussion of customer retention, i.e. it is both quantitative and qualitative or, more specifically, it addresses both economic benefits and non-economic benefits. Arguments which justify the strategy of retaining customers as opposed to acquiring new customers are underpinned by micro-economic theory and, in particular, the concept of customer LTV. The assumption is that, in a relationship, a seller seeks to minimize their costs and maximize their revenues. Customer retention affects both elements of the profitability equation, where

$$\text{Profit} = \text{Revenue} - \text{Expenses or Cost}$$

Customer retention helps increase revenue through increases in sales volume and/or premium prices as well as reducing the expenses or costs of generating those revenues. An increase in retention rate has been argued to have led to a corresponding increase in profit (Dawkins and Reichheld, 1990; Reichheld and Kenny, 1990; Reichheld and Sasser, 1990; Reichheld, 1993, 1996, Chapter 2). Reichheld (1996) identified six economic benefits of retaining customers: (1) savings on customers' acquisition or replacement costs, (2) a guarantee of base profits as existing customers are likely to have a minimum spend per period, (3) growth in per-customer revenue as, over a period of time, existing customers are likely to earn more, have more varied needs and spend more, (4) a reduction in relative operating costs as the firms can spread the cost over many more customers and over a longer period, (5) free of charge referrals of new customers from existing customers which would otherwise be costly in terms of commissions or introductory fees and (6) price premiums as existing customers do not usually wait for promotions or price reductions before deciding to purchase, in particular with new models or versions of existing products.

The assertion that retention has non-economic benefits is underpinned by behavioural or psychological arguments. Morgan and Hunt (1994) argued that, in a network comprising partnerships with external parties, namely buyers, suppliers, competitors, governments and non-profit organizations and with internal parties, namely employees, departments and business units, commitment and trust in relationships engender cooperation, acquiescence, a reduced tendency to leave the network, reduced uncertainty and the belief that conflict will be functional (when disputes are resolved amicably). Existing customers can not only provide feedback about products and services, but also work together with suppliers to add value to a particular product by improving its functional features or by modifying the manufacturing or work processes which use the product. HDoX, a producer of hydrogen peroxide, achieved this through the cooperation of its customers. For example, HDoX and Office Furnishing, one of its customers, jointly modified Office Furnishing's textiles bleaching process (Ahmad and Buttle, 1999). The modified process, which used hydrogen peroxide instead of chlorine, only required a two-step instead of a three-step process. This resulted in a shorter process time and a shorter overall production cycle. It also used less water and consumed less power, which further reduced the customer's production cost. Such cooperation reduced the inclination of Office Furnishing to quit the relationship.

## POTENTIAL STRATEGIES FOR RETAINING CUSTOMERS

We have identified strategies for retaining customers in three ways: conceptual strategies based on extant theories, best practices strategies as reported by specialists and pragmatic strategies as observed in companies. In terms of extant theories, we considered lessons from services marketing industrial marketing, and business-to-business marketing perspectives. From the service marketing perspective, customer retention has been conceptualized as a consequence of customer-perceived service quality and customer satisfaction (Berry and Parasuraman, 1991; Zeithaml and Bitner, 1996, p. 176). A provider of services, based on such a cause-and-effect model, could therefore focus on progressively closing the gaps between customer expectations and experiences of service quality. Based on a survey of service providers, Payne and Frow (1999) offered a four-step framework: define the market structure, segment the customer base and determine segment value, identify segments' service needs and implement a segmented service strategy. They claimed that the framework enables firms to allocate appropriate budgets to various segments of customers according to their projected lifetime profitability.

From the industrial marketing perspective, core products are often of little significance to potential buyers. Augmented products such as technical advice and long-term costs of maintenance and operation tend to be more important than functional features and selling price. Turnbull and Wilson (1989) argued that firms should protect their profitable customer relationships through not only social but also structural bonds. Social bonds, according to Turnbull and Wilson (1989), refer to positive interpersonal relationships between employees in the buyer and seller organizations. Although they did not provide an explicit definition of structural bonds they implied through their illustrations that structural bonds are built upon joint investments which cannot be retrieved when the relationship ends. Structural bonds therefore help create value for customers by saving the costs of retraining or making a new investment with a new supplier.

There are many ways of developing structural bonds apart from providing technical support. For example, HDoX invested in a telemetry and electronic data interchange system that enabled it to monitor the level of inventory at its buyer's storage tank directly. The company automatically sends new supplies when the volume in the tank falls below a specific stock level.

A starting point for the development of relationships and, hence, bonding is to create interdependencies between supplier and customer (Turnbull *et al.*, 1996). These interdependencies are built upon the resources that these firms possess, the activities that they perform or the actors that represent them (Håkansson and Snehota, 1994). Resources may be in the form of financial, network position and skills or a set of technologies. Activities refer to what they jointly do such as research and development. While the industrial marketing perspective acknowledges the nature of the product to be an important determinant of the process of buying (Jackson, 1985), the business-to-business (B2B) marketing perspective recognizes the nature of customers, i.e. that businesses have multiple and interconnected relationships (Ford *et al.*, 1998). The key argument of this perspective is that marketing to businesses involves managing interconnected relationships between buyers, sellers, competitors and third parties and, hence, is open to the possibilities of interconnected multi-interdependencies. The marketing of industrial products and to B2B marketing are similar in some regards: they both emphasize bonding, interdependencies and relationships. (For further discussion on a perspective of the possible linkages and overlaps between a number of theoretical positions relating to B2B bonding, see Buttle *et al.* (1999).)

Potential strategies that reflect best practices in industry were drawn primarily from consulting experience. According to Reichheld (1996), head of Bain & Co.'s customer retention practice, 'successful' firms retain their customers, not just by focusing on customer retention, but also employee and investor retention. He proposed a three-pronged approach to managing customer retention which involves finding and acquiring the right customers, employees and investors (Reichheld, 1996, Chapters 3, 4 and 6). Reichheld's (1996) idea rests on the notion that disloyal employees are probably not able to build an inventory of loyal customers and disloyal investors do not support long-term relationship programmes. He emphasized the need for maintaining a team of customers, employees and investors that share the same vision of a long-term relationship. In acquiring new customers, he reminded firms to be aware of the different 'loyalty coefficients'. According to Reichheld (1996, p. 64), a loyalty coefficient refers to the economic forces or financial costs of moving or switching customers from one supplier to another. While some customers will defect for a 2% discount in price, others will not move for a 20% discount. According to Reichheld (1996), one of the ways of knowing the loyalty coefficients of customers is by analysing customers' past behaviours. Northern Insurance, for instance, discovered that different segments of customers exhibited average retention rates in the range of 72–94%. Referring to customers' behaviour, the easiest to win is likely to be the one who will be the quickest to defect. In Reichheld's (1996) words, 'The customers who glide into your arms for a minimal price discount are the same customers who dance away with someone else at the slightest enticement' (p. 82).

Although not all customers prefer long-term relationships there are those who prefer stable long-term relationships, inherently spend more, pay promptly and require less service. Long-serving employees, Reichheld (1996) added, generate several economic benefits: not only are they much better at finding and recruiting the best customers, but they retain customers by producing better products and value and they are sources of customer referrals. Central to his approach was the need for firms to search continuously and consistently for initiatives that offer a better value proposition than their competitors.

Potential strategies for managing customer retention have also emerged from observations of management practice. DeSouza (1992) offered strategies that measure retention in terms of both crude and weighted rates. This involves interviewing former customers, analysing complaint and service data and identifying switching behaviour. With the use of computers, firms should have little difficulty in calculating and reporting both crude and weighted rates. However, they need

to be aware that a large unit volume of sales does not necessarily translate into correspondingly large profit as it is not unusual for large buyers to obtain substantial price discounts or demand high levels of service. In addition to measuring retention, firms should consider interviewing former customers in order to learn their reasons for defecting. Customer defections may have been caused not by the firm itself, but by factors beyond its control.

DeSouza (1992) identified six types of defectors: (1) price – for a lower price, (2) product – for a superior product, (3) service – for a better service, (4) market – for a different market, for example a transport company which has moved out of road haulage and, therefore, no longer buys trailers, (5) technological – a customer that has converted from using one technology to another, for example from dedicated word processors to multipurpose personal computers and (6) organizational – switches due to political pressure. However, firms could find it difficult to persuade their former customers to agree to interviews. Moreover, a long lapse of time between defecting and the interview could make it difficult for former customers to recall their reasons for switching. The third component of DeSouza's (1992) strategy was analysing complaint and service data. This can provide clues for service and product improvement. Polaroid, the camera maker, has used complaint information in order to make its cameras more user friendly. However, this is only possible if such data have been collected, built into a customer information file, analysed and made accessible to relevant parties. Call centre agents at the Advance Bank, for example, capture information about their customers during their conversations or as they handle customers' requests with the use of multitask work stations (Jelassi and Enders, 1999). Data including the likes and dislikes of individual customers are then instantaneously made available on screen to other agents. This enables other agents to tailor their conversations, for instance by not offering products which the customer has already said they did not want. The final component is identifying switching behaviour. This means moving beyond resolving problems to learning from companies beyond the firm's industry. The use of electronic data interchange (EDI) in logistics management, strategic bundling of products and services in construction, banking and insurance and the team approach in consulting in order to forge a lasting bond with clients are some of the ways of creating switching barriers.

Customers stay and defect for all sort of reasons. Keaveney (1995) identified eight causes of switching behaviour in service industries: price, inconvenience, core service failures, failed employee responses to service failure, ethical problems, involuntary factors, competitive issues and service encounter failures. She discovered that six of the eight causes of switching behaviour are controllable by the service provider. This finding offers an opportunity for firms to develop barriers for preventing customers from switching.

It is probably unrealistic to expect all customers to stay indefinitely. Not only do customers buy on a portfolio basis, but firms have to accept that a proportion of their customers will leave from time to time for a number of reasons. A strategy that would enable firms to cope with this situation is customer portfolio management. It involves an analysis of the firm's customer portfolio with a view to creating a specified balance of customer groups before reorganizing the firm for customer retention (Rosenberg and Czepiel, 1984). A customer portfolio could comprise several groups of customers each with different buying behaviours, such as the first-time buyers, repeat buyers, switched-away-then-return buyers and last-time buyers. Three factors need to be considered when firms seek the optimal balance in their portfolio. First, how readily can consumers perceive the product differences. Rosenberg and Czepiel (1984) argued that, when products are selected on the basis of 'objective' superiority, such as luxury cars, keeping customers is relatively easier than if they are selected on the basis of 'subjective' criteria, such as cosmetics. The firms then apply a customer-retaining marketing mix and reorganize themselves

for customer retention. Some examples of retention tactics are giving product extras, reinforcing promotions, providing sales force connections, providing specialized distribution and providing post-purchase communication. Reorganization for customer retention involves setting an acceptable target for customer turnover, establishing executive accountability for keeping customers and improving internal coordination by targeting promotional strategies towards repeat usage.

## **TIMELINESS AND APPROPRIATENESS OF STRATEGIES FOR A FIRM'S SITUATION**

Customer retention, we have argued, should be an important business goal. However, the choice of appropriate strategies may be influenced by the nature of the product, the stage of the product in the life cycle, and customers' buying behaviours. In medicare services, it is not viable to concentrate on providing services to the most profitable segment as this will result in neglect in other areas of disease management (McStravic, 1996). In corporate banking, the credit-driven cultures and short-term profit requirements of management and shareholders has resulted in a lack of real commitment to long-term relationships. This has driven banks to pursue short-term opportunistic behaviours (Schell, 1996). Certain products or services, such as funeral services or heart surgery, are most unlikely to be purchased repeatedly by the same customer. In some cases, a service or a product has little or no use to the same customer beyond a certain time such as introductory music lessons or Year 2000 compliance software. Under those circumstances customer retention is not likely to be given the same attention as acquisition. One could also argue that it is not necessary to be overly concerned with customer retention if the products being sold generate dependency such as medicine. Customers will repurchase them regardless of retention efforts.

When a firm enters a new market it patently makes sense to focus on acquiring new customers. This was the case for NFB when it entered the market for telephone banking for businesses (Buttle and Ahmad, 1998) and Egg, the Internet banking arm of Prudential, when it entered the direct consumer banking and financial services market. Egg successfully attracted 800 000 customers (savers) within 2 years and later attracted 175 000 credit card customers within 6 months. They were lured by the relatively favourable interest rates Egg charges (*Daily Telegraph*, 2000, p. 25).

Sellers may also find it futile to attempt to retain certain organizational customers due to their buying behaviours. Government departments in the UK, for example, adopt compulsory competitive tendering (CCT) as their mechanism for making purchasing decisions where price is the primary consideration. Government purchasing of defence equipment, warships and military aircraft also tends to have an extremely long purchasing interval. Purchasing decisions are usually preceded by a period of lengthy negotiations involving several parties. Under these circumstances sellers tend to be more interested in winning tenders and maximizing profits from a particular sale or contract.

Recent developments in information technology have enabled a new form of relationship building that goes beyond the basic exchange of services and physical products and beyond the financial, social and structural aspects of buyer-seller relationships. Potential customers, for example, may be drawn into the website of a portal or gateway Internet service provider such as Freeserve, which in turn provides hyperlinks to various suppliers of goods or providers of services. Customers are thus encouraged to continue to purchase from the same suppliers

because of the information links. Most recently, General Motors, Ford and DaimlerChrysler have been cooperating in order to put their procurement needs onto a single electronic trade exchange which will involve tens of thousands of suppliers (*Financial Times*, 2000).

## CONCLUSIONS

Customer retention management has the potential for delivering substantial benefits to firms in terms of long-term profitability. The economic benefit is easily justified in terms of enhancing LTV. Firms also enjoy non-economic benefits from enhanced customer trust, commitment and cooperation.

However, there are three issues which firms should address before embarking on a strategy of retaining their existing customers. First, they should define customer retention in terms appropriate to their business. Second, they should select appropriate measures of customer retention. A suitable form of measure is one that is not only practical and cost-effective to implement, but also able to show the impacts of retention on profitability. Third, firms should develop and implement strategies that are appropriate to their business context. We offer three sets of potential strategies for firms depending on the markets they serve: FMCG consumers, service consumers and industrial buyers (see Table 1). We acknowledge that these strategies are broad and, hence, they have to be fine-tuned to fit the firm's particular business situation.

Customer retention management would not give firms substantial benefits if it were seen merely as an outcome of marketing activities that pursue market share domination. However, it could offer firms competitive advantage if it were seen as a long term strategy for managing existing customers; it is potentially a potent marketing management strategy.

The conclusions of this paper have important implications for both practitioners and theorists. It is timely for practitioners to move beyond gaining a larger market share, satisfying market segments and developing brand preference in order to secure lasting customer patronage and profitability. We do not claim that all firms should emphasize customer retention. However, we wish to reiterate that customer retention has a number of potential benefits that are far too rewarding for firms to ignore. In our view, firms should consider integrating customer retention into their strategic marketing planning process and set it as one of their primary goals.

This discussion highlights the potential drawbacks of prescriptive theories which claim to have generalized application. The traditional marketing approach, which advocates the pursuit of a large market share, market partitioning and promotion of brands, has not been left unchallenged either. Customer retention has the potential to become a more potent strategy than customer acquisition. The key questions are not whether firms should retain their customers, but rather under what circumstances, in terms of product and market and how best to manage them in terms of the appropriate strategies. This leads to our ideas for further research.

- (1) If RM were argued to be appropriate for service and industrial customers, will customer retention, a key goal of RM, be of practical relevance in all services and industrial contexts? By the same token, is it of limited value to all firms pursuing the traditional marketing approach?
- (2) Customer retention practices are likely to differ between firms selling different products or services to the same market, similar products or services to different markets and different products to different markets. Is there a universal taxonomy of customer retention practices?
- (3) If customer retention practices are dictated by business situations, what are the particular contextual conditions which have significant influence on the choice of retention practices?

**TABLE I. A framework for determining the appropriateness of potential strategies to a particular business situation**

Markets	Products/ Services	Usage of products and services	Suitable forms of measure of retention	Potential sets of strategies for managing customer retention
Consumers of fast moving consumer goods	Mainly standardized	Mainly uniform and predictable	Mainly in terms of crude rate – percentage of absolute number of customers retained or defected	Dividing customers into groups which share similar buying behaviours May use standard price and brands to attract and keep these groups of customers Focus on deriving economic benefits Adjust marketing mix to attract, retain and develop particular groups of customers
Consumers of services	Partly standardized Partly customized	Partly uniform and predictable Partly fluctuating	Partly in terms of crude rate – percentage of absolute number of customers retained or defected. Partly in terms of weighted rate – taking into account the share of spends and also LTV	Focus on deriving both economic and non- economic benefits Focus on developing and maintaining social bonds with individual customers Focus on improving service quality Consider grouping customers of standard services by their consumption and purchasing behaviours Maintain both standard and flexible pricing
Business as users of physical goods and services	Mainly customized	Mainly fluctuating	Mainly in terms of weighted rate – taking into account the share of volume and value of purchases and also their LTV	Focus on deriving both economic and non- economic benefits Focus on developing and maintaining both social and structural bonds Focus on creating multilevel customers' dependency Focus on providing a total value of proposition Maintains flexibility in pricing

- (4) As companies have begun to implement customer retention programmes, how successful have they been? What are the enablers or barriers to success? How is success measured?
- (5) What are the relationships, if any, between contextualized customer retention practices and business performance? When do particular retention practices work more effectively in delivering higher retention rates and more efficiently in delivering greater profitability to a firm?

Finally, it is not our intention at this stage of our research to suggest a generalized application of our ideas or a framework for developing customer retention strategies. We do think that it is the context of the firm that determines the appropriateness of strategies and that, we envisage, will become clearer as more research is carried out.

## REFERENCES

- Ahmad, R. and Buttle, F. (1999) Retaining business customers through adaptation and bonding: a case study of HDox. In D. McLoughlin and C. Horan (eds) *Proceedings of the 15th IMP Annual Conference*. Dublin: University College.
- Berger, P.D. and Nasr, N.I. (1998) Customer lifetime value: marketing models and applications. *Journal of Interactive Marketing* 12(1), 17–30.
- Berry, L.L. (1983) Relationship marketing. In L.L. Berry, G.L. Shostack and G.D. Upah (eds) *Emerging Perspectives of Service Marketing*. Chicago, IL: American Marketing Association.
- Berry, L.L. and Parasuraman, A. (1991) *Marketing Services: Competing Through Quality*. New York: Free Press.
- Blattberg, R.C. and Deighton, J. (1996) Managing marketing by the customer equity criterion. *Harvard Business Review* July–August, 136–44.
- Blois, K.J. (1996) Relationship marketing in organisational markets – when is it appropriate. *Journal of Marketing Management* 12, 161–73.
- Booms, B.H. and Bitner, M.J. (1981) Marketing strategies and organisation structures for service firms. In J.H. Donnelly and W.R. George (eds) *Marketing of Services*. Chicago: American Marketing Association, 47–52.
- Brodie, R.J., Coviello, N.E., Brookes, R.W. and Little, V. (1997) Towards a paradigm shift in marketing? An examination of current marketing practices. *Journal of Marketing Management* 13(5), 383–406.
- Brownlie, D. and Saren, M. (1992) The four Ps of the marketing concept: prescriptive, polemical, permanent and problematical. *European Journal of Marketing* 26(4), 34–47.
- Buss, B. (1999) The organisational form that guarantees successful database marketing. *The Journal of Database Marketing* 6(4), 330–8.
- Buttle, F. (ed.) (1996) *Relationship Marketing: Theory and Practice*. London: Chapman.
- Buttle, F. and Ahmad, R. (1998) Loving, retaining and losing customers: how National First Bank retains its corporate direct customers. In P. Anderson (ed.) *Proceedings of the 27th EMAC Conference on Marketing: Research and Practice*, Vol. 1, *Market Relationships*. Stockholm: Stockholm School of Economics, pp. 241–60.
- Buttle, F., Ahmad, R. and Aldlaigan, A. H. (1999) *The Theory and Practice of Customer Bonding: An IMP Perspective*. Manchester: Manchester Business School.
- Buzzell, R.D. and Gale, B.T. (1987) *The PIMS Principles: Linking Strategy to Performance*. New York: The Free Press.
- Christopher, M., Payne, A. and Ballantyne, D. (1991) *Relationship Marketing: Bringing Quality, Customer Service and Marketing Together*. Oxford: Butterworth-Heinemann.
- Coviello, N.E. and Brodie, R.J. (1998) From transaction to relationship marketing: an investigation of managerial perceptions and practices. *Journal of Strategic Marketing* 6, 171–86.
- Daily Telegraph* (2000) Prudential poised to put Egg on the menu. *Daily Telegraph* 21 February, 25.

- Dawkins, P.M. and Reichheld, F.F. (1990) Customer retention as a competitive weapon. *Directors & Board Summer*, 42–7.
- DeSouza, G. (1992) Designing a customer retention plan. *The Journal of Business Strategy*, March/April, 24–8.
- Dwyer, R.F. (1989) Customer lifetime valuation to support marketing decision making. *Journal of Direct Marketing* 3(4), 8–11.
- Ehrenberg, A., Hammond, K. and Goodhardt, G. (1994) The after effects of large-scale consumer promotions. *Journal of Targeting, Measurement and Analysis for Marketing* 2(2), 115–24.
- Fites, D.V. (1996) Make your dealers your partners. *Harvard Business Review* March–April, 84–95.
- Ford, D., Gadde, L., Håkansson, H., Lundgren, A., Shehota, I., Turnbull, P. and Wilson, D. (1998) *Managing Business Relationships*. Chichester: Wiley.
- Fornell, C. and Wernerfelt, B. (1987) Defensive marketing strategy by customer complaint management: a theoretical analysis. *Journal of Marketing Research* 24, 337–46.
- Grant, R.M. (1995) *Contemporary Strategy Analysis: Concept, Techniques and Application, 2nd edn*. Cambridge, MA: Blackwell.
- Grönroos, C. (1990) Relationship approach to the marketing function in service contexts. *Journal of Business Research* 29(1), 3–12.
- Grönroos, C. (1991) The marketing strategy continuum: towards a marketing concept for the 1990s. *Management Decisions* 29(1), 7–13.
- Grönroos, C. (1994a) From marketing mix to relationship marketing: towards a paradigm shift in marketing. *Asia–Australia Marketing Journal* 2, 9–22.
- Grönroos, C. (1994b) *Quo vadis, marketing?* Towards a relationship marketing paradigm. *Journal of Marketing Management* 10, 347–60.
- Grönroos, C. (1996) The rise and fall of modern marketing – and its rebirth. In S.A. Shaw and N. Hood (eds) *Marketing in Evolution: Essays in Honour of Michael J. Baker*. London: Macmillan Press, pp. 14–35.
- Gummesson, E. (1987) The new marketing – developing long-term interactive relationships. *Long Range Planning* 20(4), 10–20.
- Gummesson, E. (1999) *Total Relationship Marketing*. Oxford: Butterworth–Heinemann.
- Håkansson, H. and Snehota, I. (1994) Analysing business relationships. In D. Ford, (ed.) *Understanding Business Markets, 2nd edn*. London: Dryden Press, pp. 151–75.
- Hallberg, G. (1995) *All Consumers are not Created Equal*. New York: John Wiley & Sons.
- Harker, M.J. (1999) Relationship marketing defined? *Marketing Intelligence and Planning* 17(1), 13–20.
- Jackson, B. (1985) Build customer relationships that last. *Harvard Business Review* November–December, 120–8.
- Jelassi, T. and Enders, A. (1999) *Banking on the Internet: The Advance Bank in Germany*. The European Case Clearing House, Cranfield University.
- Kaplan, R.S. (1995) *The Co-operative Bank*. The European Case Clearing House, Cranfield University.
- Keane, T.J. and Wang, P. (1995) Applications for the lifetime value model in modern newspaper publishing. *Journal of Direct Marketing* 9(2), 59–66.
- Keaveney, S.M. (1995) Customer switching behaviour in service industries: an exploratory study. *Journal of Marketing* 59, 71–82.
- McCarthy, E.J. (1960) *Basic Marketing*, Homewood, IL: Richard D. Irwin.
- McDonald, M. (1999) *Marketing Plans: How to Prepare Them, How to Use Them*. Oxford: Butterworth–Heinemann.
- McStravic, S. (1996) The disease management dilemma. *Health Care Strategic Management* June, 18–19.
- Magson, N. (1998) Database workshop: determining and measuring customer value. *The Journal of Database Marketing* 6(1), 24–33.
- Morgan, R.M. and Hunt, S.D. (1994) The commitment–trust theory of relationship marketing. *Journal of Marketing* 58, 20–38.
- Murphy, J.A. (1996) Retail banking. In F. Buttle (ed.) *Relationship Marketing: Theory and Practice*. London: Paul Chapman Publishing, pp. 74–90.

- Page, M., Pitt, L., Berthon, P. and Money, A. (1996) Analysing customer defections and their effects on corporate performance: the case of Indco. *Journal of Marketing Management* 12, 617–27.
- Payne, A.F. (ed.) (1995) *Advances in Relationship Marketing*. London: Kogan Page.
- Payne, A.F. and Frow, P.E. (1997) Relationship marketing: key issues for the utility sector. *Journal of Marketing Management* 13, 463–77.
- Payne, A.F. and Frow, P.E. (1999) Developing a segmented service strategy: improving measurement in relationship marketing. *Journal of Marketing Management* 15, 797–818.
- Peck, H., Payne, A., Christopher, M. and Clark, M. (1999) *Relationship Marketing: Strategy and Implementation*. Oxford: Butterworth-Heinemann.
- Reichheld, F.F. (1993) Loyalty-based management. *Harvard Business Review* March–April, 64–73.
- Reichheld, F.F. (1996) *The Loyalty Effect: The Hidden Force Behind Growth, Profits, and Lasting Value*. Boston, MA: Harvard Business School Press.
- Reichheld, F.F. and Kenny, D.W. (1990) The hidden advantages of customer retention. *Journal of Retail Banking* 13 (4), 19–23.
- Reichheld, F.F. and Sasser, W.E. (1990) Zero defections: quality comes to services. *Harvard Business Review* September–October, 105–11.
- Rosenberg, L.G. and Czepiel, J.A. (1984) A marketing approach for customer retention. *Journal of Consumer Marketing* 1, 45–51.
- Saren, M.J. and Tzokas, N.X. (1998) Some dangerous axioms of relationship marketing. *Journal of Strategic Marketing* 6, 187–96.
- Saren, M.J. and Tzokas, N.X. (2000) Knowledge and relationship marketing: where, what & how? In *Proceedings of the Second WWW Conference on Relationship Marketing*. [www.mcb.co.uk/services/conference/NOV99/rm/paper4.html](http://www.mcb.co.uk/services/conference/NOV99/rm/paper4.html)
- Schell, C. (1996) Corporate banking. In F. Buttle (ed.) *Relationship Marketing: Theory and Practice*. London: Paul Chapman Publishing, pp. 91–103.
- Stewart, M. (1996) *Keep the Right Customers: The Key Steps to Profitable Customer Retention*. Maidenhead: McGraw-Hill.
- Storbacka, K. (1997) Segmentation based on customer profitability – retrospective analysis of retail bank customer bases. *Journal of Marketing Management*, 13, 479–92.
- The Economist* (1994) Death of the brand manager. *The Economist* 9 April, 79–80.
- The Financial Times* (2000) Car giants link to buy supplies through Internet. *The Financial Times*, 26 February, 1.
- The Times* (1999) BA to be fined for illegal practices. *The Times* 14 July, 1.
- Turnbull, P.W. and Wilson, D.T. (1989) Developing and protecting profitable customer relationships. *Industrial Marketing Management* 18, 233–8.
- Turnbull, P., Ford, D. and Cunningham, M. (1996) Interaction, relationships and networks in business markets: an evolving perspective. *Journal of Business & Industrial Marketing* 11, 44–62.
- Vandermerwe, S. (1996) Becoming a customer ‘owning’ corporation. *Long Range Planning* 29(6), 770–82.
- Wang, P. and Splegel, T. (1994) Database marketing and its measurements of success. *Journal of Direct Marketing* 8(2), 73–81.
- Wayland, R.E. and Cole, P.M. (1997) *Customer Connections: New Strategies for Growth*. Boston: Harvard Business School Press.
- Webster, F.E. (1991) *Industrial Marketing Strategy*, 3rd edn. New York: Wiley.
- Webster, F.E. (1992) The changing role of marketing in the corporation. *Journal of Marketing* 56, 1–17.
- Zeithaml, V.A. and Bitner, M.J. (1996) *Services Marketing*. Singapore: McGraw-Hill.