

ECONOMIC PROFITABILITY OF CUSTOMERS' CONFIDENCE

The globalization of competition, saturation of markets, and development of information technology have enhanced customer awareness and created a situation where long-term success is no longer achieved through optimized product price and qualities. Instead, companies pay much more attention to people's attitude towards their products.

Thus, the purpose of our work is to define the concepts of customer confidence and loyalty, to determine the approaches that companies use to draw clients, to show how consumer confidence can be characterized from an economic point of view and to express its influence on global economy.

Nowadays consumers have become more scrupulous about products they buy. Companies are scrambling to find potential buyers and keep existing ones, want to earn their loyalty. But firms should take in mind it can cost as much as 6 times more to win a new customer than it does to keep an existing one. Nevertheless confidence and loyalty are the two key factors for long-term success of the companies.

That's why it's useful to define the meaning of "customer confidence" which is an economic indicator which measures the degree of optimism that consumers feel about their personal financial situation. What concerns "customers' loyalty". It is the degree to which customers experience positive feelings for, possess allegiance to, and exhibit positive behaviors toward a company.

It was clarified that the customer is the "True North" on the compass for any successful business. Thereby companies become more customers-oriented. Customers can be distinguished whether behaviorally or emotionally loyal. Behaviorally loyal customers act loyal but have no emotional bond with the brand or the supplier whereas emotionally loyal customers do. Targeted marketing and sales to a quality customer base and providing excellent customer services are the ground to generating satisfied customers and strong recurring income streams.

Traditionally there are two approaches to treat customer loyalty. Some researchers have investigated the nature of different levels of loyalty, others have explored the influence of individual factors on loyalty. The potential for establishing loyalty depends on the object (i.e. product or vendor), on the subject (customer) or on the environment (market, other suppliers etc.). We focus on the analysis of object-related factors that are subject to direct impact by companies.

As we've already mentioned there exist different ways to gain customer loyalty. The first one is to ensure of having the right people. If there is an unenthusiastic service representative, it's better to get them out of that role. Secondly, it's good to offer a customer service refresher course, in other words, to get employees focused on the customers. Thirdly, looking at company's processes from your customers' point of view and listening to customer complaints.

Our research have revealed that there exists a direct connection between confidence and loyalty: confident customers become loyal and disappointed customers move to another vendor. This position in the economy is expressed by Consumer Confidence Index which is a unique indicator, formed from American survey and designed to gauge the relative financial health, spending power and confidence of the average consumer. There are three separate headline figures: Index of Consumer Sentiment, Current Economic Conditions, Index of Consumer Expectations.

Among these three parties Sentiment indicators can carry a lot of weight, because the happiness and spending ability of a consumer is the most important determinant of an expanding economy. Unfortunately, this index is not calculated in Belarus, though it could show the real situation on Belarusian market. What's more Consumer confidence index is very useful for investors. A strong consumer confidence report, can move the market by making investors more willing to purchase equities. The idea behind consumer confidence is that a happy consumer - one who feels that his or her standard of living is increasing - is more likely to spend more and make bigger purchases.