

A Study Concerning the Effectiveness of Customer Loyalty Programmes used by Indian Retail Brands

Ms. Mantasha Rashid¹, Er. Bijendra Kumar Pushkar²

¹Student, ²Assistant Professor,

^{1,2}Department of Humanities and Management Science,

Madan Mohan Malaviya University of Technology, Gorakhpur, Uttar Pradesh, India

ABSTRACT

Retailers must devise particular strategies to keep their businesses afloat when customer behaviour shifts. Some merchants utilize a loyalty programme as a marketing tool, providing repeat customers with additional incentives. This study aims to see how the loyalty programme affects store loyalty and how satisfied customers are with the programme. The information was gathered from 420 people who filled out questionnaires. The findings showed that loyalty programmes had a considerable impact on loyalty programme satisfaction. Store loyalty was significantly influenced by satisfaction with reward programmes. The loyalty programme has nothing to do with storing faith. The efficacy of a loyalty programme on store loyalty mediates satisfaction with the programme. The study emphasizes the vital role of reward programme satisfaction in closing the loyalty gap between loyalty programmes and shop loyalty. The store should boost the uniqueness and attraction of the programme to generate a loyal consumers. Customer retention will be improved by providing a valued and appealing reward.

KEYWORDS: Store loyalty, Retail business, Loyalty programme, Loyalty programme satisfaction

INTRODUCTION

Simply focusing on customer acquisition is no longer enough to sustain market share in today's competitive economy. For firms to acquire a competitive advantage, customer retention has become just as important, if not more so. Loyalty programmes are used by businesses to keep clients and develop long-term connections. Businesses must strengthen their relationships with customers as loyalty programmes become ubiquitous across all industries (Leenheer & Bijmolt, 2008). When clients see more excellent value in a program's advantages, it becomes more appealing, and they are more likely to participate (Noone & Mount, 2008).

A well-crafted customer loyalty programme may strengthen a company's perceived appeal, increase the likelihood of repeat purchases from current consumers, and attract new customers (Erbschloe, 2017). Even though customer loyalty programmes are getting more prevalent across all industries, most businesses are still unsure how to create a successful

How to cite this paper: Ms. Mantasha Rashid | Er. Bijendra Kumar Pushkar "A Study Concerning the Effectiveness of Customer Loyalty Programmes used by Indian Retail Brands" Published in International Journal of Trend in Scientific Research and Development (ijtsrd), ISSN: 2456-6470, Volume-6 | Issue-4, June 2022, pp.607-609, URL: www.ijtsrd.com/papers/ijtsrd50129.pdf



Copyright © 2022 by author(s) and International Journal of Trend in Scientific Research and Development Journal. This is an Open Access article distributed under the terms of the Creative Commons Attribution License (CC BY 4.0) (<http://creativecommons.org/licenses/by/4.0>)



programme. Customer loyalty programmes are given in practically every firm to entice customers, yet none have shown to be profitable.

It takes money, time, and effort to build and expand a robust loyalty programme, and it must be tailored to the behaviour and expectations of customers in a particular industry. As a result, businesses must continually monitor, analyze, and change customer loyalty programmes to satisfy their consumers' requirements, wants, and expectations to achieve the most remarkable outcomes.

The firm's reputation can also influence consumers' responses to a company's loyalty programme in the market and, as a result, the status those clients gain as a result of being customers of that company (Hallberg, 2003). Understanding the benefits that customers value and associate with loyalty programmes may assist marketers in creating a compelling, engaging, and successful loyalty programme for their company. Customers will not

engage in a company's loyalty programme if they do not view it as valuable since satisfaction with such programmes would be poor. As a result, the loyalty programme will have no impact on one's decision to shop at a particular store (Omar, Ramly, Alam, & Nazri, 2015).

Objectives of the study

The current study expands on Yi and Jeon's (2003) work in India by including Mimouni-Chaabane and Volle's (2010) concepts for alternative benefit systems and aims to:

- Determine how perceived benefits affect customer satisfaction with loyalty programmes; and
- Evaluate the implications of purported benefits on shoppers' loyalty programme precedence while determining which department store to buy from.

Theoretical Framework

A research model is suggested based on the preceding constructs that link customer-perceived loyalty programme advantages to overall satisfaction and importance.

The following is the present study's proposed hypothesis:

H1: Financial reward systems have a substantial impact on loyalty programme satisfaction.

H2: Financial incentives have a tremendous influence on the perceived usefulness of loyalty programmes in customer decision-making.

H3: Social advantages have a substantial impact on satisfaction with loyalty schemes.

H4: Social advantages significantly impact the value of loyalty programmes in consumer decision-making.

H5: Satisfaction with loyalty programmes is affected by the benefits of discovery and entertainment.

H6: The impact of reward programmes on customer preference is primarily driven by the positives of discovery and entertainment.

Research design

The current study used a questionnaire-based survey of consumers from four department shops as an effective data gathering strategy. Gender was utilized as a controlling factor in the sampling technique based on quota sampling. The personal interview approach was used to get respondents to fill out a questionnaire. Responses to the criteria were recorded using a 4-point modified Likert Scale, with alternatives spread from strongly disagree to strongly agree. Exploratory factor analysis investigates and characterizes the underlying relationships between measured variables (EFA). Confirmatory factor analysis (CFA) examined the connection between observable parameters and their latent core components (CFA). Structural equation modelling was used to study the structural links between latent frameworks. EFA was used to examine 210 of the 420 responses, while CFA evaluated the remaining 210. The SPSS 21.0 network version was used to analyze the study's data.

Data Analysis and Interpretation

Cronbach's alpha model of internal consistency was used to analyze the survey questionnaire's reliability. Cronbach's alpha values for excellent, decent, acceptable, and erroneous are $>.90, .9-.7, .7-.6$, and less than Six, respectively (Kline, 2000; George & Mallery, 2003). Cronbach's alpha for the 14 statements employed to measure customers' perceptions of loyalty programme advantages was 0.879, indicating that the scale used is entirely reliable.

Table 1. Conclusion

S. No.	Hypotheses	Output
H1	Financial reward systems have a substantial impact on loyalty programme satisfaction.	Accepted
H2	Financial incentives have a tremendous influence on the perceived usefulness of loyalty programmes in customer decision-making.	Accepted
H3	Social advantages have a substantial impact on satisfaction with loyalty schemes.	Accepted
H4	Social advantages significantly impact the value of loyalty programmes in consumer decision-making.	Rejected (Accepted at 10%)
H5	Satisfaction with loyalty programmes is affected by the benefits of discovery and entertainment.	Accepted
H6	The impact of reward programmes on customer preference is primarily driven by the positives of discovery and entertainment.	Accepted

For each one-unit variation in the factors predicting the endogenous variable (satisfaction calculated and importance assigned), estimates show the change in

the endogenous variable (satisfaction calculated and priority given). According to these calculations, a one-unit rise in FB will improve pleasure by 28.3%

and deliver 45.5 per cent more significance. Because all exogenous components had p-values less than 0.001 in both SD and IA, it is possible to deduce that FB has a considerable impact on customer happiness with LPs and the relevance of LPs to consumers when choosing a retail outlet. The first two hypotheses, H1 and H2, are hence accurate. The impact of social advantages on enjoyment and importance was studied. The SEM data were then examined to see if the third and fourth hypotheses were correct. Our findings reveal that the exogenous concept of social benefits statistically impacts consumer happiness at a 95% level (p.001). Social advantages were not necessary at a 95 per cent significance level when it came to the value of loyalty programmes to customers. However, at the 90% threshold of significance, it may be judged to have a significant impact (p14.054).

Consumers' perceived social advantages contribute the least to their happiness (26%) and the importance they place on them, according to regression weights (14 per cent). According to estimates, a one-unit rise in SB will improve enjoyment by 27.9% while raising its importance by 27.3%. The p-value of all external variables influences customer satisfaction with LPs. As a result, the third hypothesis, H3, was given the green light. Since IA SB was not noteworthy at a 95% confidence level, we may argue that hypothesis H4 is discarded at a 95% confidence level or accepted only at a 90% confidence level.

According to estimates, a one-unit increase in DEB will boost satisfaction by 34.5 per cent and the significance level by 36.5 per cent.

Because the p-value of all exogenous factors with SD was less than 0.001, it can be concluded that DEB considerably influences customer satisfaction with LPs. H5, the third hypothesis, was adopted as a consequence. However, because IA DEB was defined at a 95 per cent significance level, Hypothesis H6 is chosen.

Discussion and Conclusion

In various industries, companies are increasingly utilizing loyalty programmes to promote client retention and prevent consumer defection. The investment made by a corporation in designing and implementing a successful loyalty programme is enormous. To justify this investment, marketers must create an effective loyalty programme that increases consumer satisfaction. Although loyalty programmes are becoming more popular, the importance of membership in influencing customers' retail shop decisions has yet to be adequately investigated.

Customers' opinions of the benefits of loyalty programmes are likely to influence their level of satisfaction with them and the importance they place on loyalty programmes when picking which business to patronize. Customers from other countries may view their benefits differently. The new study will help researchers better comprehend India's loyalty programmes.

References

- [1] Alazzam, Fahad & Christian, B. (2014). Loyalty Program Factors and How They Affect Customer Behavior, *International Journal of Business and Social Science* Vol. 5, No. 6, 276-282.
- [2] Erbschloe, M. (2017). Customer Loyalty Programmes. *Customer Loyalty Programmes—Research Starters Business*, 1–9. Retrieved from <http://search.ebscohost.com/login.aspx?direct=true&db=e6h&AN=445827517&site=ehost-live>
- [3] Gabler, C. B., Landers, V. M., & Reynolds, K. E. (2017). Purchase Decision Regret: Negative Consequences of the Steadily Increasing Discount strategy. *Journal of Business Research*, 76, 201-208, <https://doi.org/10.106/j.jbusnes.2017/01.002>.
- [4] Omar, N. A., Ramly, S. M., Alam, S. S., & Nazri, M. A. (2015). Assessing the effect of loyalty programme in a satisfaction-loyalty relationship: An evidence from Malaysia. *Jurnal Pengurusan*, 43, 145–159.
- [5] Raji, M. N. A., & Zainal, A. (2017). The effect of customer perceived value on customer satisfaction: A case study of upscale Malay restaurants. *Geografia-Malaysian Journal of Society and Space*, 12(3).
- [6] Santoso, Johan, Alamjaya, Nugroho dan Stujipto. (2013). Persepsi Konsumen Terhadap Membership Card dan pengaruhnya Terhadap Loyalitas Kosumen Di Narita Hotel Surabaya, *Jurnal Hospitality dan Manajemen Jasa*, 1(1).
- [7] Zhang, Q., Prasongsukarn, K.S. (2017). A Relationship Study of Price Promotion, Customer Quality Evaluation & Repurchase Intention, *Proceedings of 62nd IASTEM International Conference*, Bangkok, Thailand, 5th-6th.