CHAPTER 1: INTRODUCTION

Customer loyalty has become an essential requisite of today’s retail business. However, the hypothetical construct is still trying to find appropriate measurement methods and well-recognized definitions of loyalty. In the present study, the researcher will find some measurement models suggested by customer relationship theories in their finding to measuring store loyalty. Attitudinal measures and behavioral measures are well-accepted approaches in the loyalty literature. The present research is intended to study both techniques and evaluate several measurement techniques advised by a researcher.

This study analyzes the influence of customer loyalty programs on the store patronage behavior. Loyalty program makes up the different type of values, and each perceived values possesses its unique benefits in the loyalty development. The researcher will discover different motives of subscription of loyalty programs. Therefore, It is important to find out those causes and try to make a relationship with to each different factors to measure the influence of this program on their store patronage behavior. It is also important to evaluate what precisely matter to the customer and measure those factors to find out loyalty relationship for a strategic decision. The researcher has to find the influence of loyalty program on store patronage behavior and to make the analyze the role of various intermediating factors in the loyalty development.

1.1 Background of study

The consumer marketplace is getting more competitive, and also the primary question is usually still there that what should the retail store do to attract new customers and retain the existing customer base? Every retail outlet is offering something exceptional promotional benefits to customers to make repeat purchase and loyal to the retail organization, and their primary objective is to provide some discounts offers or make promotional deals. Such a kind of promotional attempt is not working appropriately as well as the efforts should be put into the match the customers need and make them loyal. Retailers are trying to fix this kind of competitive situation by
creating mass-customized, innovative products by various ways, boosting customer relationship and the effective interaction with the customers and making product differentiation. The most familiar concept that is being used many retailers is the development of loyalty programs, which is built on an old customer database.

The assumption is that it will be possible to encourage the shoppers by using loyalty ladder and convince them to buy more (Dowling & Uncles, 1997). Further, it is extensively accepted assumption that the loyalty creates positive word of mouth, less price sensitiveness and easy to retain (Reinartz & Kumar, 2002). (Downing & Uncles, 1997) also, support the same claim as it is cheaper to keep existing customers with the loyalty program rather than to acquire a new customer. Research has proven that these assumptions about loyalty being something worthwhile and positive may not always be true. Alternatively, some studies are given another way to the customer loyalty study (Downing & Uncles, 1997; Kumar & Reinartz, 2000). Then the interesting difficulty arises if loyal customers are worth to acquire and retain? Is then a customer loyalty program something useful and profitable for the business in realities, or rather an expensive service which the company has little use for (Reinartz and Kumar, 2000). Most of the studies focus on the marketing-centric research approach to this deal with the problem. However, hardly any studies have been evaluating the individual customer attitudes (perceptions) of the loyalty card holders towards these kinds of loyalty programs (Dowling, Hammond & Uncles, 2003).

Customer loyalty programs have been broadly investigated by firms due to their lucrative possibilities after the concept first appeared in loyalty literature, which causing comprehensive academic investigation in the retail store context (O’Brien & Jones, 1995; Dowling & Uncles, 1997; Sharp & Sharp, 1997). Customer retention programs provide a customer with incentives such as monetary incentives, loyalty cards, and promotions in an exchange of repeat purchase visit to the particular store (Sharp & Sharp, 1997). According to the literature on loyalty, a leading customer relationship management data, customer retention program is expensive but smart business investments.

The report notes the cost to put into action to retention varies in different percentage of the cost incurred by it. Despite the expense, if retail stores can collect the relevant information about customer data, makes customer retention products profitable.
According to Reichheld and Sasser (1990), a company can boost profits by maintaining more number of customers, which gives them a significant return on investment in consumer retention program. Furthermore, Edgar, Dunn (2007), an independent global financial payment and services consulting firm, found that 72% of consumers in the US got at least a single loyalty card five years ago, with 33% having two or more.

The success of loyalty programs is not the case always. Above 70 percent of retailers commenced loyalty programs as 2006 (Gartner 2006, cited in Hoffman & lout, 2008). With the millions of Americans participate in some the retention program nearly, the practically billions of profitability seen in the past. Especially, in this tough competitive situation, it is a necessity intended for retailers to understand the new and genuine customer to get an idea about their retail mix which includes customer loyalty products. In response, personalization has emerged as a key factor for the success of loyalty marketing (Shugan, 2005). Customization refers to drawing attention to retail services and products to satisfy the needs of individual consumers (Shugan, 2005).

Five variables consist of customer relationship marketing are trust, commitment, satisfaction, loyalty, and perceived values. The ultimate target of customer retention program is building life time value for the customer, which creates loyalty towards the retail store predictably. Besides, customer loyalty program can work as a barrier for switching customers by way of incorporating customer satisfaction and customer retention through repeat purchasing. Most common practices in the loyalty program development are a reward, frequency, and incentive based program. Initially, Loyalty programs were present in hospitality and aircraft industries only, but now it is practiced in retail business also. Responses from the data are focusing on behaviors and attitudes involving in the retail hypermarket stores, the role of loyalty cards and useful findings will explain the role of loyalty in patronage study and how to create that behavior.
1.2 Overview of loyalty programs

Consumer loyalty programs are defined “as formal marketing membership activities that reward, and therefore encourage, loyal behaviors.” The aim of customer loyalty program is to bind consumers to a particular store by providing incentives for customer’s retention, positively influencing commitment to the store thereby. Often based on cumulative purchases of a given service or product from a store, loyalty programs are a promotional instrument that provides customers with added incentives to carry on their marketing relationship with the retail store. Loyalty programs can be known from other marketing initiatives, such as sales, advertising, and promotion campaigns, in that loyalty programs tend to have a longer-term orientation and therefore are thought to be the only promotion initiative which focuses on change the repurchase behavior.

As customers gather equity in the particular sponsoring store, switching costs are formed because customers become even more immune to competitive offerings. Conversely, each time a sales promotion ends. Afterward, customers go back to the previous store (Ehrenberg, Hammond, & Goodhart 1990). Customer loyalty programs are not new, initially originated in the United States more than 100 years ago in the food retail industry through the launch of S&H Green Stamps. In 1938, the Gold Bond Stamp Company joined this loyalty program, and in return, this company got a dominating position in the same business. Over the time, loyalty programs gained widespread charm as an online retailer store strategies to create and produce customer loyalty. Retail sector studies report shows that more than 9,000 hypermarkets in the United States have started customer loyalty programs and the majority of them are main players in the service industry.

While loyalty programs were rooting into the grocery industry sector, the present business model of loyalty program came from the airline industry when American Airlines introduced its frequent flyer program in 1981. Moreover, which is the largest loyalty program in the United States presently, with millions of cardholder members. After the introduction of the advantage program, other airlines quickly followed the same model and more than 50 airlines offer frequent flyer programs now, including
Northwest, United, Southwest, Delta, Continental, Air New Zealand, and British Airways. The cost of these frequent flyer program is too high or few percentage of the revenue. During the past decade, the use of loyalty programs grew in the United States and throughout the world exponentially. The popularity of such programs knows almost no bounds (Uncles and Laurent 1997). More than one-half of all U.S. households belong to a loyalty program, and the average U.S. consumer participates in two or more programs.

The diffusion of loyalty programs as an integral marketing strategy presently includes many of the leading companies across a broad spectrum of industries introduced the loyalty programs including: credit card issuers (American Express, Diners Club, Citibank, Discover), consumer goods (Betty Crocker, Pampers, RJ Reynolds), food retailers (Safeway, Vons, Jewel-Osco, Ukrop's), restaurants (Hard Rock Cafe, TGI Friday's, Subway), department stores (Nordstrom's, Neiman Marcus, Sears, Saks, Macy's, Harrods''), drugstores (Eckerds, CVS, Boots, Jewel-Osco), a host of specialty retailers (Radio Shack, Hallmark, Eddie Bauer, Blockbuster, Barnes & Noble, Staples, Pier 1), hotels (Marriott, Hilton, Hyatt, Radisson, Holiday Inn, Sheraton, Howard Johnson's), automakers (Chrysler, General Motors, Ford, Volkswagen, Harley Davidson), car rental companies (Hertz, Avis, National, Budget, Dollar), Internet-based firms (AOL, Yahoo!, Travelocity), telecommunication firms (AT&T, Sprint, Verizon), and entertainment firms (Walt Disney, AMC, General Cinema, Harrah's).

A similar trend has continued in deregulation trends in such commodity-based industries as local telephone service, electricity, cable, and other utilities are predicted to lead to an increased use of customer loyalty programs, as firms compete for customers. The mainstream acceptance of loyalty programs has resulted in the creation of a new type of currency. Typically, promotional currency comes in the form of accumulated points, generated from specific customer purchasing activities that can be exchanged for rewards then. Customers have a wide selection of reward alternatives through multi-type or multi-tiered loyalty programs. Greater flexibility and choice improves customer commitment to the scheduled program.
Proper use of the institution offers as rewards can be a great way of incremental revenue growth without sacrificing perceived store image. However, loyalty rewards usually are not just for the offering something customers but also often include unrelated store goods, different discounts, and gift certificates (Johnson and Leger 1999). After many industries have started loyalty program and customers are getting more offer in complex situation create scope for interrelated multi store loyalty programs. Multiple participant loyalty programs offer increased customer value by accommodating a broader scope of business while also sharing program costs (Swaminathan & Reddy 2000).

Participants of multiple member loyalty programs typically align themselves with strategic partners who are perceived to possess complimentary brand images. Multiple brand loyal programs can occur between firms or within a corporate conglomerate, with the latter serving as an enterprise-wide program of a customer's entire marketing relationship with an organization. Despite the current plethora of loyalty programs, Even though,many researchers are still doubtful about effectiveness of loyalty program in the long run of business and thus take a critical view that these programs are a drain on firm resources and actually add too little revenue and profit streams (Kearney 1990; Jones & O'Brien 1995; Uncle 1994). Inconsistent results of loyalty programs have led researchers to remark that "which organizations recently, under what conditions, and at what times (loyalty programs are effective) still are not understandable" (Roehm, Pullins, & Roehm, 2002).One empirical analysis of Australian loyalty programs found weak excess loyalty effects, through the analysis of individuals who participate in the loyalty program as well as those who do not participate in the program (Sharp and Sharp 1997). Through of economic variables separation, firms are essentially transferring customer value from nonparticipants to store loyalty program users as they received preferential treatment to a particular group of the privileged customer base.

Note that loyalty programs are chiefly aimed at the heavier segment of a particular service or product, and thus heavy users stand to gain the most from a loyalty program often. In contrast, light users do not benefit from loyalty programs. In most cases,
heavy users stand to be better off at the expense of light users. Hence, the light-user segment stands to lose when a loyalty program is offered as additional benefits are achieved at the expense of the light-user segment (Kim, Shi, & Srinivasan 2001). In addition to economic concerns, some firms (e.g., Wal-Mart) are philosophically opposed to treating some customers differently than other customers.

1.3 Research problem

Today, the number of loyalty programs is increased in the retail business to attract considerably more consumers. Several merchants are appealing to the consumer through offering returns, discounted strategies, and excessive marketing promotions. Almost everyone has an aim to preserve consumer, make them loyal and boost profitability through loyal consumers. To go beyond the customer loyalty program, the retailer must understand consumer retention approach (Taylor, 1998). That is regarded that the loyalty program is an important method to draw in new consumer and make them loyal to through repeat visit to the store.

Furthermore, the query may not be responded to that several customers having hundreds of commitments, and loyalty cards but actives are some of only. This issue is not addressed yet. Still, some questions are there that what is a major influence on the use of certain loyalty card? Inside study should be done on understanding the behavior of such customers who are keeping a number of loyalty cards. Behavioral comprehension of this kind of nature is too crucial to analyze. Loyalty program evaluations a human nature indicates that numerous programs extensively discussed in the commercial, it is one particular kind of management strategies or maybe fads and argues that numerous customer loyalty programs not be managed by properly, with less thought.

Many retailers are at the fundamental level of applying for such loyalty program, and many consumers see the slated program since punitive. Effective retail programmers
connect to consumers by way of loyalty program for some amounts to start with an excellent beginning, then a retailer-initiated communication, and with the customer - or retailers-initiated feedback finally. Retailers really should ask themselves, how do I create a partnership with the consumer?

In the retail business context, companies conduct customer profitability analyses and calculate the lifetime value of their customers. However, the processes are costly and complex. What is a good strategy for small businesses, newly extensive catalog and stores will evolve into a new industry? It is a big problem for such small retailers (Blattberg & Neslin 1990). If retail store launched such program in their store, it is hard to measure the exact effectiveness of the program.

Vyas P. and Sinha P. (2008) advised some concerns for further more review of the program are relevant to how to assess the influence of loyalty card on the participants? What are the choices of customers about loyalty points and do they differ with the gender and other demographic and lifestyle factors of the participants? Is it able to scale up the success of program a single store to other retailers in a chain of organized retailers? Everything that approaches will need to end up being appointed to stimulate customer loyalty card users? What strategies should use to activate those cards?

There are many questions still are unanswerable as compare to loyalty behavior of metro and not metro store with organized versus independent store. While using evolutionary characteristics of Indian retail sector, the function of commitment shown has to be assessed, especially when online players currently have engaged in excessive promotion led warfare. Research on the repeat purchase habit of customer focuses on people’s observed behavior, not their needs, motivations, personalities, or attitudes toward a brand (Dick A. & Basu K.1994). The potential of a loyalty program to attract members depends not only on the value of its rewards but also on when and where rewards are available. Research in psychology suggests that when a loyalty program’s redemption reward is delayed, it will become less efficient (Bootzin et al.
It also confirms a question mark on the effectiveness of loyalty programs, some effects are quantifiable clearly, but others are not.

It is hard to evaluate the success of a program given the fact that there is no information regarding shopping behavior before joining the program. The lack of correlations between customer and membership value, cumulated with that only a third of loyal customers included in the research are program members suggest that loyalty precedes joining the program (Leenheer et al. 2003). A further line of investigation also would be to see exactly how traveling time influences the consumer, which other store attributes might diminish location problems and how to reduce discomfort. Convenience is another determinant of loyalty has to well understand before making the final decision on an influence of loyalty program.

The largest problem with customer loyalty program (Lars Meyer-Waarden & Christophe Benavent, 2012) is that many suppliers say that they adopted one size fit to all approach, that they use economic rewards to encourage repeating purchases. Product special discounts will not alter buying perception in the long work on buyers who have benefited such things as individualized services, ease, or maybe purchasing satisfaction considerably more. These types of consumers may change their behavior to access the price promotion, chances of returning to the previous store are high in this case after the promotion ends.

Loyalty program often neglects to attract the competition's consumers because of unavailability of program differentiation. Indeed, the proliferation of loyalty program offering precisely the same kinds of returns provides has spoiled a real key issue for them; there is no scheduled program differentiation to change the customer's mind. It is possible through the database collection of customer and data can help merchants make smarter decisions on everything from where to open a new store to pull the plug on a fading brand.
The largest component by far is customer engagement. "Retailers should ask themselves, 'how to create a partnership with consumers?' other than just pulling them to the store," says Alvarez. Steve Worthington (2009) found that many customers see loyalty programs as a way of being ambushed by the retailer. There is no publicly available information coming from loyalty program operators within the proportion of members that are ‘active' or perhaps ‘lapsed.' However, survey outcomes show that one of the most common reasons for not becoming a member of loyalty programs is not to get plenty of in returns in exchange; just a small percentage of individuals data privacy is available. Study results claim that the majority of people of loyalty programs understand the fact that their particular info may be used to monitor what precisely items they will purchase, to wherever they will store, and contact them with offers and promotions.

There is relatively little concern about store loyalty program providers using the info in these types of actual methods. Few persons are which their private information can become used to evaluate their particular purchasing habit with other competitors and also to ‘profile' all of them, and about 1 in 3 respondents stated they might be afraid if this happened. Many firms are collecting information through contact and sharing customers valuable information is to other. However, a majority of customers said they might be worried if this happened. Issues regarding personal privacy will be stronger among females and amongst older persons, the market, organizations for that they are members of loyalty programs. Retailers can use customers' demographic information as sex, ages, incomes, and other features to draw general conclusions about what influences them to make repurchases. Dowling (2002) suggests that loyalty programs do not necessarily generate loyalty and are not cost effective and that the proliferation of loyalty programs is hype or a “me-too” scheme. Both the academic and trade press has criticized the programs with headlines such as: “A Failure in Competitive Strategy,” “War in the Air: The Scramble for Points Hits Turbulence,” “Frequent Flyer Offers Fail to Boost Loyalty” (T. J. Kearney, 1990).

To create customized loyalty programs, companies need to understand what drives various customers to make them repeat purchases. To get this given idea, firms need to do surveys of prospective buyers and purchase influencers, analyze the data of
customers provide on loyalty-program enrollment forms and review loyalty card holder’s purchase history. Present research is trying to undertake those issues with loyalty programs and to make the structured decision on the influence of the programs on the store patronage of leading hypermarket formats in India.

1.4 Statement of justification and problem

The current issue focuses on loyalty program repeat and effectiveness purchase behavior. There are various gains attached while using loyalty program e. g. utilitarian, hedonic and emblematic benefits yet there very clearly understand the benefits which can be associated with the loyalty behavior. Likewise, there is no qualitative measurement that can measure the influence on these benefits about the store patronage. Customer loyalty is certainly not relying upon the identified genes also there are a few considerably more mediating reasons are impacting consumer loyalty. In the present analysis, location is usually to locate a connection variation on the loyalty development (Store patronage). Specifically, the problem appears that hypermarket chain loyalty programs are not created loyalty successfully.

Most suffer via getting also much likewise loyalty programs comparable to other hypermarkets in the market. For instance, all customer loyalty programs feature membership cards. To find the special selling price, one has to use their card at the checkout. About holidays, special promotions, just like free tickets, are sent out to users who have got accumulated the good fixed sum of acquisitions in a selected time. The problem is that these customer loyalty programs are not creating ultimate loyalty in hypermarkets. The problem is that with buyers participate in considerably more than one particular retail hypermarket's loyalty program and using that particular loyalty card with the store. It is difficult for retailers to get loyalty card holders data for further analysis.
Retailer are unable to find false loyalty nature of the users first, for that instance store need to wait for number of trips customer makes to the particular store and after the consecutive number of customers visit will give some idea about customers loyalty behaviour but it is harder to maintain database of such different buying nature of customers. Accurate loyalty signifies that the consumer patronizes to one major hypermarket store for all grocery buying needs. Given that the superstore sector certainly jumbled setting with many distinct companies fighting to reveal of industry, it is not enough to have a loyalty program in place just. Alternatively, the loyalty program must be designed in such a way that which highlights the strong offering of loyalty programs to the customer as compared to competing for hypermarket. As an example, some restaurants provide differentiated departmental programs. These service differentiations should being applied since concentrating on strategies to generate loyal consumers in the highlighted section confident that they will maintain their each week shopping within the store, an ultimate creation of perceived value thus.

Some studies reflect that most hypermarket stores are not using a loyalty program as a good way to retain consumers back to them and make a higher share in the purchase. Although a consumer may spend a higher purchase price significantly, repeat purchase of particular category is low. As opposed, each hypermarket transaction is low as compare to visit they make to store. Hence, it is crucial that hypermarkets develop a loyalty program to prevent the consumer’s loyalty to one major hypermarket to understand the customer’s life cycle stage. Considering that the hypermarket sector is a concern there are other factors also important to consider while measuring effectiveness. Those factors are location, the life cycle of customers also affect on the effectiveness of loyalty program in hypermarkets.

The part of personalization on recognizing value, customer satisfaction, and store loyalty are inadequate (Kumar & Shah, 2004; O’Brien & Smith, 1995). Also, there are numerous established antecedents of loyalty and satisfaction, the present materials upon customer store loyalty programs will not completely encapsulate the part of the antecedents to fulfillment on customer retention and resulting store loyalty intentions. Likewise, Grewal and Levy (2007) note an absence of research on customer loyalty
after purchase. With the constant developments with technological know-how and also the growing customer with a changing economic environment, alternative constructs have to be analyzed to ascertain a recent expansion of customer loyalty programs.

The objective of this study is to examine the interplay between customization of customer loyalty program rewards, perceived worth, loyalty and satisfaction intentions in a customer loyalty program context. Two types of perceived value of the interest in this scholarly study are cash value and aspiration value. Specifically, while the perceived money value (discount) leads to fulfillment with the merchant, or both loyalty and satisfaction. Whenever redeeming a loyalty prize, do customers perceive value through the offer? Do they understand cash significance when redemption a store loyalty reward? Does loyalty praise customization result in operational worth, perceived monetary value or perhaps both? These relevant questions were looked into further study. The main point of the thesis is to establish criteria for effective hypermarket loyalty, considering external factors to be explored. At last, these relevant questions are needed to answer.

1.5 Purpose of statement

The aim of the present study can fill the existing gap with hypermarket loyalty program literature by measuring consumer awareness of the customer store loyalty program and their impact on store patronage in loyalty development. Even though research find out the vital role of the perceived benefits of a store loyalty program, and also the mixture of multiple constructs of the loyalty program. Recognized customization and perceived worth of the customer loyalty program have an impact upon customer loyalty behavior, the results coming from the research may lead the business organization to go through knowledge of consumer choices towards the shop selection when it comes to shopping patronage. This study will create academic input in the method of investigation. Second, to understand the role of perceived rewards,
satisfaction, commitment and trust and programs loyalty intention association with patronage behavior.

This research will analyze loyalty programs available in the selected hypermarket stores and will make an analysis of the competitive circumstances intended for the market situation still unchanged or not. Retail stores that be successful in revitalizing the store loyalty of customers, which can get store loyalty, and reduces the effects of levels of competition and can turn into niche retail market (Kahn et al. 1988). Loyalty programs impact the customer purchase behavior positively since it influences the consumers to create repeated buys as customers find the various benefits from that. Those are indirect and direct immediate and delayed attached to the particular store.

Loyalty study help with raising customer loyalty that considerably enhances a company’s success and thus means the positive effect of store loyalty programs. Customers have displayed dedicated behavior toward store loyalty programs because of to various kinds of benefits recognized by all of them. In a circumstance of high-quality brands, specific segments stay loyal to prestige makes as this assists personal idea projection, group status, and identification. Those benefits are financial, sociological and psychological, in which it helps in long term relationship building with trust and commitment. Store loyalty programs produce a significant psychological relationship resulting to great and also permanent switching costs. The purpose of this study is to measure the impact of customer loyalty in case of high involvement and low involvement purchases differently. Diverse customer displays different behavior towards specific store loyalty program because of their particular emotional and demographic factors. The price marketing also produced excess store loyalty, but under the store loyalty program and also the price marketing generated a significant, but short-term, market gain (Jain Ur & Singhal H (2012)).

This research will further analysis of the specific purpose of loyalty study in the outline of Dennis T. Duffy (2009) investigation on the major result of the effectiveness of loyalty program in the previous survey to develop literature on
loyalty for 20 years. The investigation and examination of customer loyalty programs begin with, all the conversation on how many customers will be worth towards the company and just how they are worthy of special value and different treatment. However, much of that individual worth and service should preferably give to those customers by using excellent delivery services to them. Unfortunately, this becomes a real possibility that service marketers begin to help to such a customer in future purchasing transactions.

However, the advantage of store loyalty study is that usually significant to the customer, yet affordable to the store also to find valuable input through there addressed issues. Debajani Sahoo and Preeta Vyas (2007) demonstrate that the idea of loyalty 'is certainly not a fresh concept; it had been in performing because of so many hundreds of years. With previous, even loyalty was a concept used in the Roman army also for the loyalty of the military towards the king. In 21 centuries, marketers are continually trying to capture profits and share with the help of a loyal customer base. Customer loyalty programs are suitable for the highly competitive business environment, where differentiation is impossible because of high saturation. Many organizations with large sets and low adjustable costs realize that loyalty programs will be a successful tool to hold on to customers and maximize the use of their particular capability just like flight companies, hotels, or maybe telecoms. The loyalty program is helping to utilize that potential through progressive purchases. The present study will analyze the all the phenomena related to store loyalty.

This research will determine changing buyer behavior of customers and also usually a crucial component of loyalty study. Thus it is apparent the fact that monitoring the repeat purchases behavior is extremely important to study.

It is expected that from this research retailers will certainly find some conclusive input for themselves are that store loyalty is a highly considerable asset for them, another one is to plan customer loyalty effectively. Loyalty programs are important in maintaining and strengthening store loyalty strategically, but this is usually at first accumulated through the fundamentals of retail marketing: collection, pricing, store
ambiance, and format. Loyalty programs certainly not make customers considerably more devoted; their main contribution is retaining already loyal customers. Store loyalty factors are numerous and interlinked closely; thus it was difficult to separate any individual drivers and set up it is relatives high importance on keeping loyalty.

Nevertheless, some research on opinion with consumers and retailers appear to confirm that loyalty strategy is pursued by using both targeted and mass levels at the same time despite their different levels of importance. The behavioral loyalty investigation examined with this thesis suggests that store loyalty is likely to be the result of the type of marketplace on which run, and the kind of brand store could have already, then the outcome of an add-on customer loyalty program rather.

Another purpose of the study is to help stores in the proportion of loyal customers significantly. These types of topics will contribute to recommend that customer loyalty program which (i) directly boost the product/service worth proposition, or perhaps (ii) expand the supply from the product/service, or maybe (iii) reduce the effects of a competitor’s program, might be advantageous. However, in reality, advise that (iv) it is most likely a real mistake to introduce a frequent-buyer program if you are offering a parity brand within a competitive industry.

The scholarly study makes several major contributions. First major contributions lie in the significant relationship between store loyalty and store affect. Retail outlet loyalty is gaining energy as a vital part of consumer retention because existing customers are proven to purchase a lot more than new consumers. There will be probably many groups, or maybe sections, of patronage behavior in a loyalty program.

At last, Researcher will check link among loyalty program memberships and store patronage perspective. The present study will find out reward associated with loyalty nature and what is the component of those rewards. As outlined by retailer’s two-tiered program, customer loyalty must be managed in the first level by dealing with all buyers equally and rewarding all of them in percentage for their total expenditures
to motivate considerably for more spending. In the second tier, consumer data reveal customer-level distinctions, so the retailers may decide if a specified customer meets criteria for additional returns. Through the careful selection of suitable consumers, the retailer can easily build loyalty intended selectively for their best customers with increased qualitative second-level rewards (Lars Meyer-Waarden, 2007). The present study will address most of the issues related to impact of the loyalty program.

1.6. Significance of study

The present study is intended to analyze various loyalty programs of hypermarkets in India. Analyses of loyalty programs shall help to develop customized loyalty programs for retail business. There are the number of loyalty programs are available in organized retail hypermarkets. This study will contribute to analyzing the effectiveness of customer loyalty programs in the retail hypermarket and to decide on the profitability of programs. Two significant relevance associated with loyalty program has found in general is customer retention and increase share of a customer of the particular retail store. Customer retention describes the length of relationship with the client. So present study will find out the relevance customer loyalty program in the retail store patronage context which was not studied in earlier research.

A customer retention rate is the percentage of customers who may have met a specified quantity of repurchases over a given period. The significance of loyalty programs research is to measure customer retention rate. Discussion on the customer retention indicates the percentage of customers budget spend on the particular store for whom the customer is enrolled in the loyalty program. Both customer retention and the total share of spending of the consumer are essential to assess an impact of loyalty. Our objective of the study measures the influence of consumer loyalty programs on the store. In today's loyalty literature no measurement tool is available to gauge the impact of customer loyalty programs on store patronage with relevant to the hypermarket retail perspective or large size retail store.
The main concern of this academic study is to develop measurement scale for an influence of loyalty program on the hypermarket patronage. As outlined by Dick and Basu there are four specific phases generates customer's loyalty towards retail stores: Cognitive phase, sufficient phase, conative phase and action phase. The present study is the intention to measure the how these phases affect to the retail store patronage and to make concluding decision on loyalty dimension. For measurement of hypermarkets loyalty, not any proposed scale available so this study will establish appropriate scale to measure the influence of store loyalty program on the hypermarket store patronage.

“A loyalty program can be described as relationship marketing strategy base on offering a bonus or rewards together with the aim of securing customer loyalty to a store or to retain customer with existing retail store.” This definition of loyalty program support the proposition of relevance is to securing or maybe retention customer loyalty. The application of the current study's findings could also offer significant implications for marketing researchers and retailers interested in employing or improving a customer loyalty program. By determining the effect of loyalty program customization on perceived value, satisfaction and thus loyalty, retailers will gain a better understanding of how to design loyalty programs, increasing participation in loyalty programs and customer loyalty. The greater involvement in loyalty program would boost retailer’s revenue during the present-day competitive situation.
1.7 Key definitions and terms

**Customer Loyalty:** “Customer loyalty can be said to have occurred if people choose to use a particular shop or buy one particular product, rather than use other shops or buy products made by other companies. Customers exhibit customer loyalty when they consistently purchase a certain product or brand over an extended period of time.”

**Customer Loyalty Program:** "Loyalty programs have been thought as rebate incentive intended for recurring clients that also aim to cause perceived value within the customer for a continuous business relationship (Stauss et al. 2005).”

**Retailing:** Dunne et al. (2005) defined as “retailing is set of business activities that add value to the products and services and sell to consumers for their personal or family use.”

**Hypermarket:** According to American Marketing Association, An unusually large, limited service combination discount store, supermarket, and warehouse under a single roof. Typically it sells both food and non-food items at 10 to 15 percent below normal retail prices and stacks much reserve stock merchandise in the sales area”.

**Utilitarian values:** “Utilitarian benefits, which are primarily instrumental, functional, and cognitive, provide consumer value by offering a means to some end” (Babin et al., 1994).

**Symbolic values:** “Symbolic benefits, the extrinsic advantages that products or services provide in relation to needs for personal expression, self-esteem, and social approval” (Keller, 1993).

**Hedonic values:** “Hedonic value derives from non-instrumental, experiential, emotional, and personally gratifying benefits” (Hirshman and Holbrook, 1982).

**Satisfaction:** The overall satisfaction, as well as cumulative satisfaction, is a match for the consumer's expectation of the products and the actual service or product performance. The degree of total satisfaction or happiness felt by the customer, as a result of the ability to fulfill the customer's desires, targets, and needs (Hellier et al. 2003).
Commitment: “The degree to which some consumer is happy to make sacrifices to keep up the relationship with the specified brand, product or the ongoing service provider. A continuous relationship between associates is so important as to warrant maximum endeavors at maintaining the idea” (Morgan & Hunt, 1994).

Trust: It is defined as “shared confidence, which includes integrity and reliability, and a willingness to rely on exchange amongst two parties” (Morgan & Hunt, 1994).

Store patronage:
According to American Marketing Association, “Store Patronage is defined as the degree to which consumer shops at a particular store relative to competitive outlets.” The operational definition of patronage is defined in a behavioral term. Few criteria have been set to define store patronage is as customer shopping pattern is as shop exclusively, spend ‘larger’ % of total expenditure, a ‘larger’ % of total shopping trips to similar stores happen, buy a ‘larger’ % of quantity of shopping goods, and consecutive shopping trips made to particular store ‘significantly’ more than consecutive visit made to other similar competing stores. According to Spiggle and Sewall (1987), store patronage is as consumers purchase pattern over a series of purchase tasks.