CHAPTER V

FINDINGS AND CONCLUSION

5.1 Introduction

In simple terms, retail is the continuous process of selling consumer goods and services to customers through multiple channels of distribution with the objective of earning profit. Demand is created through diverse target markets and promotional tactics, satisfying consumers' wants and needs through a lean supply chain. The retail industry in India accounts for over 10 per cent of the nation's GDP and over 8 per cent of the total employment. India with its humungous population has a huge growth potential for the retail sector. With the government introducing FDI in retail, big multinational retailer firms have started investing in the Indian retail sector. According to the market statistics of KPMG, the retail sector in India is growing at a rate of 30 to 40 percent annually in the past decade and is likely to grow another 15 to 20 percent in the coming couple of years. It is very clear from their statement that the retail industry in India is at its zenith at the moment. Retailing in India was predominantly occupied by the local retail shop, but things are changing with the entry of big names into the sector such as Big Bazaar, More, Reliance, West Side etc.

Unlike the small stores, modern retail firms offer a wide range of products as well as added services such as discount offers, parking facilities and much more to the consumers. According to them sales is not a one-time activity instead it is a continuous process and these retailer brands have stretched out their activities to each and every corner of the nation with a wide range of more promotional activities to attract consumers. Initially these big firms did not focus on customer retention and customer relationship management. By doing this they play a significant role in building consumer loyalty which is usually taken for granted and has not been completely identified, yet. Gradually retail brands introduced their own loyalty schemes and membership programs. Here in this study the customer loyalty program of five retailers viz. Reliance One, Payback, Clubwest, Clubmore and First Citizen were studied. One hundred twenty respondents were identified from each of the selected retailer brands.
and thus the total sample size of the study sums up to six hindered. In this chapter the findings of the study together with the concluding note is illustrated one after another.

### 5.2 Findings of the study

#### 5.2.1 Customer Demographics

- The statistics of the study shows that out of the six hundred customers chosen 61 per cent respondents were found to be male customers and remaining 39 percent females.
- Among the respondents participated in the survey, 38 percent respondents belonged to the age category of 21 to 30 and was closely followed by age category of 31 to 40 (37.5 percent). It was also observed that 11 percentage of the respondents belong to the age category of 41 to 50 category and 6.2 percent of respondents belongs to 51 to 60 age group. The remaining respondents were found to be in the age category of less than 21 (4.8%) and the age category of more than 60 (2.5%). It can be summarized that the majority of the respondents belonged to the age group of 21 to 40, who fall into to the earning group of the society.
- From the survey it is found that 62 percent of the respondents were married and the remaining 38 percent were single.
- The study shows that 39.66 percent of the respondents hold a master’s degree, and 31.83 percent hold a graduate degree. 14.16 percent of respondents hold other qualifications and 13 percent of the respondents were professional degree holders. The remaining 11.33 percent of the respondents were undergraduate degree holders. This data demonstrates that the greater percentage of the respondents were well educated.
- The study shows that 40.50 present of the respondents were salaried, 18.83 percent of the respondents were professionals, 16 percent of the respondents were business persons, 13.66 percent of the respondents were students, 9.66 percent of the respondents were house wives and 1.3 percent of the respondents fall into the other job status. Therefore it can be concluded that majority of the respondents were salaried persons.
- It can be inferred from the survey that 35.66 percent of the respondents had a household income between 20000 to 40000, 19 percent of the respondents had
a family income between 60000 to 80000, 16 percent of the respondents had a family income between 40000 to 60000, 14.60 percent of the respondents had a family income more than one lakh, 7.5 percent of the respondents had an income between 80000 to one lakh and 7 percent of the respondents had an income below 20000. Hence it shows that majority of the respondents belonged to the middle income and upper middle income group.

- According to the findings of the analysis, when it comes to the duration of the loyalty program membership, 40.66 percent of the respondents have been holding the loyalty program membership status for more than 19 months, 26.8 percent of the respondents have been holding the loyalty program membership status for a period less than 6 months, 17.3 percent of the respondents have been holding the membership status for a period between 7 to 12 months and 15 percent of the respondents have been holding the membership status for a period between 13 to 18 months. As 40.66 percent of the respondents have been holding the loyalty program membership for a period more than 9 months, it is very clear that respondents have some positive approach towards customer loyalty programs.

- The study clearly explains that 39 percent of the respondents spend between 1000 to 2000 rupees each time they visit the retail organization and is followed by 22.33 percent of respondents who spend between 2000 to 3000 rupees. 18.16 percent of the respondents spend less than 1000 rupees and 14.16 percent of respondents spend between 3000 to 4000 rupees. Only 6.3 percent of respondents spend more than 4000 rupees at each visit to the retail establishment. It can be concluded that more than 60 percent of the respondents spend between 1000 to 3000 rupees during each visit to the retail establishment.

- It was found that 65.61 percent of the respondents stated that they redeem the loyalty points as an when they reach the redemption threshold. 15.66 percent of the respondents stated that they redeem the loyalty points once in every 6 months where as 12.66 percent of the customers stated that they redeem the reward points only once in every year and 6.5 percent of the customers opined that they redeem the reward point once in every month. That is majority of the customers do not follow a specific loyalty point redemption pattern instead
they redeem the loyalty rewards as an when they reach the redemption threshold.

5.2.2 Behavioural Loyalty

**The independent factors measured with behavioural loyalty are**

- Customer Demographics – Gender, age, marital status, educational qualification and income
- Perceived benefit of the program
- Program Design
- Store characteristics
- Employment characteristics

- The study found that there is no significant relationship between customer demographic and behavioural loyalty as the entire demographic sub variable tested were found independent with behavioural loyalty. This is an indication that demographic factors do not have any influence on behavioural loyalty of the respondent:

  - The findings of the analysis prove that there is no significant relationship between gender of the respondent and behavioural loyalty, \( t (2,598) = -0.354, p > 0.05 \).
  - The findings of the analysis prove that there is no significant relationship between age of the respondent and behavioural loyalty, \( F (5,594) = 0.791, p > 0.05 \).
  - The findings of the analysis prove that there is no significant relationship between educational qualification of the respondent and behavioural loyalty, \( F (4,595) = 1.423, p > 0.05 \).
  - The conclusions of the analysis proves that there is no significant relationship between income level of the respondent and behavioural loyalty, \( F (5,594) = 1.181; P > 0.05 \).

The study found that there is a significant moderate positive correlation between perceived benefit of the loyalty program and behavioural loyalty, however the strength of correlation is very weak when the variables such as loyalty program
design, store characteristics and employee characteristics were controlled N(600), r (598) = 0.302, p = 0.000; r (595) = 0.083; p = 0.043.

- The study observed that there is a significant moderate positive correlation between the loyalty program design and behavioural loyalty, however the strength of correlation is weak when the variables such as perceived benefit of the loyalty program, store characteristics and employee characteristics were controlled N(600), r (598) = .399, p = 0.000; r (595) = 0.163; p = 0.000.

- The study found that there is significant moderate positive correlation between the employee characteristics, the strength of correlation similar (moderate) when the variables such as perceived benefit of the loyalty program, loyalty program design and store characteristics were controlled N(600), r (598) = .360, p = 0.000; r (595) = 0.259, p = 0.000.

- The study also observed that there is significant moderate positive correlation between the store characteristics and behavioural loyalty, however the strength of correlation is weak when the variables such as perceived benefit of the loyalty program, store characteristics and employee characteristics were controlled N(600), r (598) = 0.312, p = .000; r (595) = 0.195; p = 0.000.

5.2.3 Attitudinal Loyalty

The independent factors measured with attitudinal loyalty are
- Customer Demographics – Gender, age, marital status, educational qualification and income
- Perceived benefit of the program
- Program Design
- Store characteristics
- Employment characteristics

Demographic variables and Attitudinal Loyalty
- The study found that there is no significant relationship between customer demographics and attitudinal loyalty.
  - The findings of the analysis prove that there is no significant relationship between gender of the respondents and attitudinal loyalty, t (2,598) =0 .223, p > 0.05.
The conclusions of the analysis prove that there is no significant relationship between age of the respondent and attitudinal loyalty, $F(5,594) = 0.519, p > 0.05$.

The findings of the analysis prove that there is significant relationship between educational qualification of the respondent and attitudinal loyalty $(4,595) = 3.334, p < 0.05$. Further the post-hoc comparison found that there is significant difference in attitudinal loyalty between professional degree holders and that of under graduates as well as that of graduates, and also between under graduates and other category. Under graduates have the highest level of attitudinal loyalty and followed by graduates.

The conclusions of the analysis prove that there is no significant relationship between income level of the respondent and attitudinal loyalty, $F (5,594) = 1.724; P > 0.05$.

- The study observed that there is significant moderate positive correlation between perceived benefit of the loyalty program and attitudinal loyalty, however the strength of correlation is weak when the variables such as loyalty program design, store characteristics and employee characteristics were controlled $N(600), r (598) = 0.470, p = 0.000; r (595) = 0.218; p = 0.000$.

- The study concluded that there is significant strong positive correlation between the loyalty program design and attitudinal loyalty, however the strength of correlation is moderate when the variables such as perceived benefit of the loyalty program, store characteristics and employee characteristics were controlled $N(600), r (598) = 0.563, p = 0.000; r (595) = 0.301; p = 0.000$.

- The study found that there is significant moderate positive correlation between the employee characteristics and attitudinal loyalty, the strength of correlation is similar (moderate) when the variables such as perceived benefit of the loyalty program, loyalty program design and store characteristics were controlled $N(600), r (598) = 0.386, p = 0.000; r (595) = 0.236; p = 0.000$.

- The study found that there is significant moderate positive correlation between the store characteristics and attitudinal loyalty, however the strength of correlation is weak when the variables such as perceived benefit of the loyalty program, loyalty program design and store characteristics were controlled $N(600), r (598) = 0.386, p = 0.000; r (595) = 0.236; p = 0.000$. 

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program, store characteristics and employee characteristics were controlled N (600), r (598) = 0.360, p = 0.000; r (595) = 0.188; p = 0.000.
- The analysis proves that there is no significant difference between store characteristics and loyalty program membership, F (4,595) = 0.801, P = 0.525 > 0.05
- The analysis proves that there is significant difference between Perceived benefit of the program and loyalty program membership, F (4,595) = 2.573, p = 0.037 < 0.05. The post hoc analysis proves that there is significant difference in employee characteristics between clubwest and relianceone, p = 0.023 < 0.05; clubwest and firstcircle, p = 0.025 < 0.05; and clubwest and clubmore, p = 0.031 < 0.05. The analysis also makes it clear that Clubwest has the better employee behaviour/characteristics among the 5 selected retailers.

5.3 suggestions

The central objective of the study is to understand and analyze the customer loyalty membership program of the retail brands and its relation with respect to various factors. Based on the findings of the study following are the important recommendations and suggestions that can be put forward to help retail brands in strengthening their loyalty base, adding new members to their loyalty program as well as retaining the existing customer in the loyalty program membership.

1. **Increase the reward benefit** - Although customer loyalty programs have a wide member base in the society; not many members are happy about the reward benefits implemented by their retailer. From the open ended question in the survey it was recommended by the respondents that the reward value should be increased so that members are motivated to participate more in the program. Moreover the perishability of the reward points leads to non participation of the members. So it is suggested that points accumulated should have life time validity. By introducing innovative and interactive offers and benefit, retail brands can attract new customers to their loyalty programs as there is a significant relationship between loyalty program membership and perceived benefit from the loyalty program.
2. **Program Structure** – Though some of the retailers taken for study have already implemented soft benefits in their program, it is recommended that retailers focus more on providing customized soft benefits in order to increase the attitudinal loyalty.

3. **Enhance the store attractiveness** - It is possible to attract new customers to the loyalty program and retain the existing customers in the loyalty program membership as well, by enhancing the store attractiveness, housing superior quality merchandise, offering multiple brands and other services like home delivery, return and exchange pick up since the study found that there is a moderate relationship between store characteristics and loyalty program membership. Product mix is an important influencer for a customer since it attracts customers to the retailer establishment. Therefore by adding new products to their existing merchandise, retail brands can attract more customers to their store and thereby to their customer loyalty program.

4. **Focus on internal marketing** - As there is a strong relationship between customer loyalty membership and employee characteristics, it is possible to attract new customers as well as retain the existing customers by focusing on internal marketing. In order to develop a customer friendly approach, it is very essential to provide periodic training and refreshment programs to the employees. From the one to one interactions with the different store managers, it has been revealed that there is a high level of attrition among the cashiers in the stores. In most cases they are the employees who interact with the customers at the till and where most of the loyalty program issues are dealt with. So it is advised that retailers come up with innovative employee engagement activates or incentives that will motivate the employees to bond with the organization.

5.4 **Scope for further study**

Based on the experience of the study as well as on the findings of the study below are some pointers that will prove beneficial for both the retailers as well as the customers.
1. There is scope for specific studies with respect to retail brands since it will help in understanding more about loyalty programs of specific brands. Case studies based on certain retail brands will be found useful in this context.

2. It is very essential to understand and evaluate the cause effect relationship between factors such as customer loyalty and loyalty program membership, store design and customer loyalty membership, employee characteristics and loyalty program membership etc. since they have a positive impact on loyalty programs membership.

3. Comparative study based on loyalty programs of various retail brands will bring out the pros and cons of different loyalty programs and it will help retailer brands to develop new, effective and customer friendly loyalty program.

4. An inclusive study based on customers, who are loyalty program members and non member customers of a particular brand will help reveal the attitude and behavioural differences between the two class of customers.

5. This study can be replicated with a greater sample drawn over a much wider geographical location.

5.5 Limitations of the Study

Following were the important limitations of the study.

1. The study is confined to the retail establishments of the selected brands that were located in selected city.

2. The study only considers customers who are members of the loyalty program. It is equally important to evaluate the attitude and behaviour of customers who were not members of the loyalty program, which is outside the preview of the study.

3. As this is an opinion based study there is always scope for customer bias, which cannot be eliminated. However by ensuring the construct and content validity, effort is taken to reduce respondent bias and misunderstanding.
5.6 Conclusion

Retail brands have now become an inevitable part of the Indian society as well as our economy. They not only serve our society by providing products and services but also enhance the economic action by creating employment opportunities at various levels of the supply chain. In India, retail brands are trying to stretch their wings with the objective of gaining access to customers’ mind through a variety of programs and offers. The promotional activities undertaken by the retail brand are focused on creating customer loyalty, which is to convert and transform consumers into loyal and long term customers of their brands. The core theme of the study is customer loyalty program membership and its various dimensions with respect to its customers. And the study considers five retail brands for the research viz. Reliance fresh, More, Big Bazaar, Shoppers stop and Westside. One hundred twenty customers were selected from each of the selected retailer brand and thus reaching a total sample size six hundred.

The collected data is analyzed with the help of SPSS version 22. Both mathematical as well as statistical tools were used for analyzing the collected data. Mathematical tools such as percentages, mean, average, etc. were used. The hypothesis was tested with the help of statistical tool called ANOVA, t test, and Karl Pearsons correlation.

The findings of the study showed that the behavioural loyalty of the customers had significant correlation with the perceived benefit of the loyalty program, loyalty program design, employee characteristics and store characteristics, though the strength of the correlation of identified factors on behavioural loyalty ranged between very weak to moderate. Similarly the attitudinal loyalty of the customers was also significantly correlated with the perceived benefit of the loyalty program, loyalty program design, employee characteristics and store characteristics. Loyalty program design yielded the highest correlation with attitudinal store loyalty. It was followed by the employee characteristics. The customer demographics have neither any relationship with behavioural loyal loyalty nor with the attitudinal loyalty. Educational qualification had an impact on customers attitudinal store loyalty and the result indicated that when the education qualification increased the attitudinal loyalty
declined. As per the above statement, the under graduates had the highest attitudinal loyalty, and was followed by graduates.

The retailer brands received a wider customer acceptance in the society and the customers were actively shopping at such retail establishments. The result of the study showed that the customers were of opinion that they were getting certain benefits from these retail brands loyalty program and are likely to continue being a member. More interestingly the result of the analysis proved that there was no significant difference in customer opinion across various retail brands considered, which is an indication of uniqueness in customer opinion.

The studies identified that customer demographic characteristics were not associated with customer loyalty membership. Customers irrespective of age, gender, marital status, income level and household size participated in the customer loyalty program. This indicated the wide demographic base of the customer loyalty programs that are promoted by the various retailer brands. The study also found relationship between attitudinal and behavioural loyalty of the customer and loyalty program membership. Factors such as store characteristics, perceived benefit of the loyalty program and the loyalty program design had significant association with loyalty program membership. Employees have a significant role in the success of every organization and here in the case of retailer brands too, the study clarified that employee characteristics had an important association with the loyalty program membership.

These findings highlight the significant association between factors such as employee characteristics, perceived benefit of the loyalty program, attitudinal and behavioural loyalty, store characteristic and store design were significantly associated with the loyalty program membership. Among these factors such as store design and store characteristics can be maintained and are fully within the reach and control of retail brands. In short, by identifying the most customer friendly design and characteristics, a retailer brand can attract more customers to their loyalty program. Though the employee characteristics cannot be fully managed, there is enough scope for developing a customer friendly approach among the employees through proper training and refreshment. This will help a retail firm to attract more customers as well as more loyalty program members. It is true that factors such as perceived benefit of
the loyalty program as well as attitudinal and behavioural loyalty cannot be influenced by the retailer. However through proper customer feedback and relation mechanism they can detect and identify the customer feelings and sentiments towards various products, services and programs. Moreover, they can make necessary changes and adaption in their programs to make it more pleasing to customers.

There is ample scope for further research in the field of brand loyalty as we are in the early stages of retail brand evolution. There can be more study and research on the relationship between a customer and different types of brand loyalty membership program, especially the customer satisfaction towards various loyalty programs. It would be appropriate to assess this relationship by pinning down the influence of product categories and working with other psychological variables like attachment, trust or price sensitivity as well as behavioural data.