ABSTRACT

Loyalty programs have become one of the essential approaches of many retailers today although the effectiveness of a loyalty program in retention and support is still a pressing issue for marketing experts. A study was conducted to determine the effectiveness of customer loyalty program in terms of behavioural and attitudinal loyalty. This research presents the results of an experimental study focused on a sample of loyalty program members by means of survey questionnaire. The study considered data collected from five selected retailers on a sample of six hundred loyalty card members. The collected data was analyzed through statistical tools such as correlation, t-test and ANOVA.

The empirical data demonstrated that apart from Education, all the other demographic variables do not influence the Attitudinal and Behavioural loyalty of the members. The study also observed that there is a moderate positive relationship among the independent factors such as perceived benefit, employ characteristics and store characteristics with respect to behavioural and attitudinal loyalty of the members. Furthermore, there was a moderate positive correlation between the loyalty program design and behavioural loyalty and the relationship was found to be strong with respect to attitudinal loyalty. The study also stated that Clubwest has better employee behaviour/characteristics among the five selected retailers.

The study finally suggests that the effectiveness of a loyalty program can be enhanced by increasing the reward benefit of the loyalty program, implementing a better program structure, enhancing the attractiveness of the store and focusing on internal marketing.