An analytical study on the importance of customer loyalty programs in small and medium sized business.

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ABSTRACT

Building and maintaining customer loyalty is more challenging than in past years in the competitive market of today. The increasing use of the web and technological improvements are to blame for this. In order to generate customer loyalty, a business must emphasise the benefits of its goods and services and show that it cares about its customers' needs or developing connections with them. An e-commerce way of advertising called a loyalty card programme rewards devoted clients who interact with a business regularly. Marketing plans give discounts, special offers, VIP occasions, and other benefits to its users in order to encourage them to make further sales (Kim, Steinhoff & Palmatier, (2021). In the retail industry, a loyalty and reward programme focus on customer retention by allowing businesses to strengthen existing relationships, establish new ones, and convert one-time visitors, purchases, and prospects into repeat customers and long-term members. The purpose of this study is to analyse the importance of customer loyalty programs in small and medium sized business. Both exploratory and descriptive research design has been used in this research. To derive conclusions from the data collected, Statistical tools and spread, among other basic math techniques, were used. In order to gather data, 600 clients has been selected from nominate shop. According to the study's findings, there is huge importance of customer loyalty programs in the small and medium sized business in India. It has been found that customer loyalty programs helped to corporation to improve business productivity and performance.

Keywords: Customer Loyalty Program, marketing management, e-commerce, small and medium size business

INTRODUCTION

Background of the study

A method where a firm rewards clients who make repeated purchases is known as a rewards program. It's a strategy employed in business to entice clients to make more purchases from you. There are multiple different sorts of loyalty schemes, including based incentive systems, programmes that do provide freebies, and correspond programmes that give clients discounts if their friends join up or make purchases. By compensating your consumers for using your items and/or services, a satisfied customer enables you to build deeper bonds with clients. A rewards program may improve client retention,

encourage repeat business, increase value of the customer, boost customer happiness, increase revenue, and provide your company a competitive edge over rivals.

A loyal customer is a sales tactic that honours and compensates consumers who regularly use a brand or make purchases from it. As a consumer makes additional purchases, a business may provide points or benefits that advance them to greater degrees of loyalty. Certain incentives and incentives often lead to the client transforming into a more loyal customer or the perfect brand advocate. Free goods, prizes, discounts, or special privileges like first to receive new items are examples of benefits.

The current study is based upon the significance of the customer loyalty programs in small and medium sized business corporation. In the retail industry, a loyalty and reward programme focuses on customer retention by allowing businesses to strengthen existing relationships, establish new ones, and convert one-time visitors, purchases, and prospects into repeat customers and long-term members. Consumers who participate in a loyalty programme are expected to spend more money with the main company by willingly foregoing their right to trade with competitors. It has been noticed that retailers all over the world are competing to devise successful programmes to encourage customers to return frequently, make frequent purchases, and avoid competition. This trend can also be seen in the Indian retail sector.

LITERATURE REVIEW

So according Alshurideh, et. al., Debit Loyalty is a new start in the sector that employs a card number as a distinctive identity for Loyalty Programs (2020). Users may make a payment using this method and simultaneously redeem items and get bonus points. In this study, we introduced an additional, intangible incentive that can be utilized in certain answers: quicker respond to the challenges. The Environmental Risk Management, which may also dynamically assess if Identity Authentication is necessary for the sales contract, is the full answer we provide for it. Additionally, it may continue to hold the proper degree of danger that its Purchaser has allowed. By replicating the recommended technique using real-life purchase footprints from atms, we also showed what sort of data may be obtained from own one lines.

Aluri, Price & McIntyre, (2019) Attempts to investigate the influence of consumer satisfaction on loyalty via photo mediated of firm piety. 170 customers of Islamic bankers in Muhammadiyah, West Kalimantan, who were interrogated throughout Dec 2018 and Jan made up the representative sample for this research. It's a numerical research that uses SmartPLS 3 as an analytical framework and the multivariate regression (SEM) as an intelligent approach. The results of this research demonstrate a relationship between brand devotion and immediate gratification have a considerable impact on consumer loyalty, and that satisfaction has an indirect impact on loyalty by mediating brand religiosity image.

Bruneau, Swaen & Zidda, (2018) Proposes that the online customer reviews with photographs, written comments, and other information have become an important information source influencing customers' purchasing intention and behaviour in the age of e-tourism. Big data analytical techniques including text mining, inferential statistics, social analysis, and statistical were utilised to fully understand cruise service but also its connection to cruiser fulfillment there in Asian travel segment via online cruisers ratings. The results supported the aspects of travel website identified in earlier research, but perhaps more crucially, "Onshore characteristics"—a hitherto unresearched aspect of travel website looked at in this research using big analytics knowledge.

Chen, Mandler & Meyer-Waarden, (2021) Customers are at the core of organizations' focus in today's competitive market. Large amounts of client loyalty are necessary to establish a competitive edge. Organizations today have given the definition of customer trust a lot of attention. Despite the abundance of studies on one-dimensional loyalty and two-dimensional loyalty (behavioral and attitudinal), there are very few studies on three or four-dimensional loyalty. As a result, there is a scarcity of literature on the subject. As a result, an investigation of the evolution of loyalty across time, from one dimension to four dimensions, is conducted in this study, along with a definition of the idea.

Customer loyalty, according to Hollebeek, Das & Shukla, (2021), is the result of a pleasant emotional experience that is based on the satisfaction obtained from physical aspects and the perceived worth of an encounter. Customer loyalty has long been thought to be influenced by service quality. Service quality dimensions have been the subject of recent research. Switching barriers, on the other hand, have a long-term negative impact since they make it harder for customers to move vendors. The purpose of this empirical study was to look at the link between service quality, switching barriers, and customer loyalty. The variables were found to have a significant association, and switching barriers were discovered to buffer the relationship between service quality and customer loyalty. The ramifications of future research have been considered.

According to Hwang & Choi, (2020), A commercial initiative known as a compensation plan fosters a long-term engagement between a supplier of merchandise or services and its clients, according to a simple definition. Regency, frequency, and money, also known as "RFM" in marketing circles, are the holy trinity of marketing. All three parts of RFM are addressed in rewards programmes. An airline rewards programme, for example, is tied to activity over the course of a calendar year, and points are gained by making major purchases or a higher volume of smaller transactions. Retailers can use rewards programmes to entice customers and keep them coming back. Retailers can also use rewards programmes to provide recurring buyers a portion of the brand equity of profitability via customers ' behavioral data. A excellent illustration is the VIP perks included in travel and recreation (T&E) programs. When a specific rank level is reached, certain benefits, like admission to a members-only area of an aircraft, become available, provide consumers with a cachet that exceeds the actual financial gain. Increased or maintained market share, as well as strong and prolonged consumer loyalty, may provide a market price significantly greater than that determined only by current earnings.

RESEARCH OBJECTIVE

To assess the role of customer loyalty program to evaluate retailers' customer management techniques
To examine the impact of customer loyalty program in the growth and progress of small and medium size corporation

RESEARCH HYPOTHESIS

H1: There is significant role of customer loyalty program to evaluate retailers' customer management techniques
H2: There is significant impact of customer loyalty program in the growth and progress of small and medium size corporation

MATERIAL AND METHOD

Research Design

This research is exploratory and descriptive. Exploratory research is useful for gaining new ideas, asking questions, and assessing phenomena in a new light. A research explored consumer loyalty programme variables. Descriptive research design has been used to draw conclusions for the proposed hypothesis..

Data Collection

Data collection is very important method in the study to collect the information about the subject. The study needs secondary and primary data. Secondary data comes from internal documents, periodicals, journals, and other sources. Our study uses primary data. It collects using a questionnaire and grading scales. Primary data has been collected from retail customers.

Data Analysis

The data was analyzed using mathematical, statistical, and graphical tools and methodologies. Tables were also utilized to structure and organize the material so that the reader could understand it. They were also utilized to present the data table. To derive conclusions from the data collected, Categorical variables and dispersion, among other basic mathematical techniques, would be used. The mean is one of the most regularly employed measures of central tendency in this study to determine the central value of the customer opinion. The standard deviation, on the other hand, is used to determine how far a customer's opinion deviates from its recognized centre value.

RESULTS AND DISCUSSION
Table 1: Loyalty program brings more benefit

Response		Reliance One	Payback	Clubwest	Clubmore	First Citizen	CC Value	_P'Value
Strongly disagree	F	2	2	7	7	7		
	%	1.7	1.7	5.8	5.8	5.8		
Disagree	F	9	4	11	9	5		
	%	7.5	3,3	9.2	7.5	4.2		
Undecided	F	36	31	29	327	43		
	%	30	25.8	24.2	30.8	35.8		
Agree	F	59	65	66	58	49		
	%	49.2	54.2	55	48.3	40.8		
Strongly agree	F	14	18	7	9	16	0.196	0 .090
	%	11.7	15	5.8	7.5	13.3		

Table No. 1 : Loyalty program brings more benefit

Customers' perceptions of value have a big role in their decisions. The loyalty programmer has number of appealing features and qualities. Though each retailer brand's loyalty programme is unique, there are several aspects that can be found in every retailer's customer loyalty programme, and these features were taken into account when evaluating the loyalty program's perceived advantage in connection to loyalty programme participation. There were seven such regularly identified variables, and each of them is depicted in turn in the next section, along with the respondent's perspective. 49.5 percent of customers agree that loyalty programmes can provide many benefits to customers. In contrast, 28.50 percent of buyers were undecided, and 10.67 percent strongly agreed. Only a small percentage of people disagreed with this, with 6.33 percent disagreeing and 4.17 percent strongly disagreeing. Because the majority of consumers agree with the statement, it is apparent that customers believe loyalty programmes have been useful to them. Further examination of table reveals that the test's value is inconsequential (CC (600) = 0.196, p = 0.090 > 0.05), and there is only a weak relationship between opinion and membership (CC (600) = 0.196, p = 0.090 > 0.05). As a result, it may be argued that customers believe loyalty programmes have been useful to them.

Table 2: Members believe that loyalty programmes help businesses more than customers:

Response		Reliance One	Payback	Clubwest	Clubmore	First Citizen	CC Value	_P'Value
Strongly disagree	F	7	7	6	6	5		
	%	5.8	5.8	5	5	4.2		
Disagree	F	12	9	11	17	14		
	%	10	7.5	9.2	14.2	11.7		
Undecided	F	35	42	36	34	23		
	%	29.2	35	30	28.3	35.8		
Agree	F	35	37	39	33	29		
	%	29.2	30.8	32.5	27.5	24.2		
Strongly agree	F	31	25	28	30	29		
	%	25.8	20.8	23.3	25	24.2	0.113	0.957

Table: 2 Programs benefits company than customers

According to the study's results, which are summarized in the column, 28.83 percent of respondents accept the argument "I feel that rewards programs often benefit corporations almost as much as

consumers," with 23.83 basis points concluded that the two. Conversely, 28.33% of respondents weren't confident about the same claim. Only 10.50% of individuals disagree, and 5.16% totally disagree, which constitutes a small percentage small percentage. Despite the fact that when the two stands (agree and strongly agree) are combined, 52.66 percent of customers believe the loyalty programme is more advantageous to firms than to customers. Table shows that CC (600) = 0.113, demonstrating that the relationship between market feedback and membership status, as well as $p = 0.957$, which is greater than 0.05. From the data analysis, it has been analysed that customer loyalty program is very helpful for companies. It provides several growth benefits to the business.

CONCLUSION

This study examines client loyalty and e-loyalty. Loyal consumers often buy the company's products. Depending on the company, a loyal customer can buy 10 new ones. Existing customers are inexpensive and profitable. Loyalty helps cross-sell. Loyal consumers can get more across product categories. This generates income without new clients. A strong client base shields a company against market competitors, especially in new product areas. The internet has led to dangerously competitive e-commerce markets. Small price cuts are less likely to mislead loyal consumers, protecting them. With devoted customers, word-of-mouth marketing is easier. Satisfied customers refer more. Customers may email friends and family product recommendations. E-commerce enterprises automate their referral systems to facilitate online recommendations. Brand loyal customers are more honest about items. This helps assess improvement areas.

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