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LOYALTY CARD PROGRAMS AND BUYING BEHAVIOUR – A STUDY

K.Ilavarasi
G.Jayasree
S.Nandhini
S.Nivashini
PSGR Krishnammal college for women, Coimbatore.
ilathulasi@gmail.com
jayasreeraj10@gmail.com
nandhininandhini26705@gmail.com
Nivashinisaravanan1999@gmail.com

ABSTRACT
This article explores the consumer buying behaviour on using loyalty cards. A loyalty card program is an incentive plan that allows a retail business to gather data about its customers. Customer are offered product discounts, coupons, points toward merchandise or some other reward in exchange for their voluntary participation in the program. A secondary goal of a loyalty card program is to build repeat business by offering participating customers something that is not available to non-participating customers. Customer loyalty programs are very effective when it comes to retaining customers. The researcher concludes that most of the respondents are getting benefits through loyalty cards such as discount, gift schemes, price and etc.,

KEYWORDS:
Consumer, Buying behaviour, Loyalty cards, Programs.

INTRODUCTION

In 1793, U.S merchants began to give their customers copper tokens to redeem in future purchases. This type of loyalty program became more popular during 19th century. Loyalty programs were born as a result of business need. It became integral part of many businesses. Each time the customer buys something from the shop; points are electronically stored on their card and can be exchanged later for goods or services. Cost based loyalty programs have been growing in popularity during the last decade. Loyalty cards have become part of most consumers' daily lives. Retailers have been doing their best to their customers by offering them loyalty cards but the effectiveness and impact of these cards. Loyalty cards usage and store loyalty may not always go hand-in-hand. Customers prefer to shop at different stores and use different loyalty cards. Most customers are multi-card holders because there are various available discounts and obtaining a loyalty card is quite simple.

STATEMENT OF THE PROBLEM

The main point for developing successful marketing strategy is a clear understanding of the consumers mind before, during and after a purchase. The consumer has to choose the products and product classes from many varieties worth their money and efforts using loyalty cards. Again from each product category customer has to make selection from different size, color, model and brands which suits their loyalty cards. To solve the problems of consumers and marketers, there must be continuous studies in the field of consumer buying behavior using loyalty cards and hence the study is carried out to understand about the loyalty cards and usage of loyalty cards.

OBJECTIVES OF THE STUDY

- To know the demographic factors.
- To study the buying behavior of consumer through loyalty cards.

SCOPE OF THE STUDY

The study aims at analyzing consumer buying behaviour on using loyalty cards. The study takes into consideration about the personal experiences of consumers with loyalty card and loyalty card programs. The focus of the general study concentrated on loyalty cards, to analyses various benefits to customers and usage of

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loyalty cards. By this study retailers can also understand the effectiveness of loyalty cards options helps in consumer retention.

REVIEW OF LITERATURE

Goodwin and Ball (2003)[1] define Loyalty is "the commitment of customer to a particular brand or company". He mentioned that in recent year's management thinking has shifted from a focus on customer acquisition to an understanding of the importance of retaining customers and need to build up loyalty among those customers.

Singh and Khan, (2012)[2] loyalty card is largely driven by customer satisfaction. Albeit, a key to a healthy business is the retention of customers. Therefore, loyalty card schemes provide platforms for long-term customer relationships, which hitherto often lead to customers being loyal to the supermarkets offering them.

Buchanan and Gillies (1990)[3] under the loyalty programme, card holders are given extra benefits by the retailer. Consumers enrolled under the loyalty programme supply some personal information that generally includes name, address, phone number and the number of household members. The past researchers conclude that, this kind of long term relationship can benefit customers as well as, marketers.

Mauri (2003)[4] noticed that loyalty programmes and their loyalty cards which allow retailers to transform the cold data on consumer behavior into warm relationships and eventually into genuine customer loyalty found on mutual understanding and trust.

RESEARCH METHODOLOGY

This article has been written on the basis of primary and secondary information. The primary data were collected through questionnaire. The secondary information and data were collected from published books, journals, research papers, and official statistical documents.

Sample technique

Snowball sampling method has been adopted to collect data with structured questionnaires.

Tools used

- Percentage analysis
- Descriptive Statistics
- Anova

Table 1 - Percentage analysis

Demographic factors	Factors	No.of Respondents	% Percentage
Gender	Male	45	37.5
	Female	75	62.5
Age	18-30	86	71.7
	30-40	20	16.3
	40-50	10	8.3
	50-60	4	3.3
Educational Qualification	HSC	10	8.3
	Graduate	72	60
	PG	17	14.2
	Professional	10	8.3
	Diploma	4	3.3
	Others	7	5.8
Earning capacity	Independent	44	36.7
	Dependent	76	63.3
Occupation	Self employed	14	11.7
	Salaried	25	20.8
	Businessman	11	9.2

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	Household	14	11.7
	Student	53	44.2
	Retired	3	2.5
Marital Status	Married	42	35
	Unmarried	78	65

The above table clearly inferred that, the respondents are having 62.5% of the respondents belongs to female, 71.7% of the respondents belong to the age group of 18-30 years, 60% of the respondents are graduate, 63.3% respondents are dependent in earning, 44.2% of respondents are students, 65% of the respondents are unmarried.

Table – 2 Descriptive Statistics

Factors regarding usage of loyalty cards	N	Min	Maximum	Mean	Std. Deviation
I have loyalty cards but have not used	120	1	5	3.50	1.303
It takes too long time	120	1	5	3.72	1.132
I would shop in any store that suits me regardless of whether they had a loyalty scheme	120	1	5	3.63	1.020
I save a lot of money by using my Loyalty cards	120	1	5	3.37	1.144
I shop where ever gives me better discount	120	1	5	3.52	1.069
I usually get better discount from In-store promotions than loyalty schemes	120	1	5	3.64	1.121
I usually get better loyalty schemes than In-store promotion	120	1	5	3.47	1.100
I buy product if there are extra points ordered on them	120	1	5	3.72	1.077
Having a Loyalty Card makes me want to shop more frequently	120	1	5	3.30	1.313

The highest mean rating is 3.72 for the items **"It takes too long time"** and **"I buy product if there are extra points"** that is on average level of the respondents is between neutral and agree. The next highest mean rating is 3.64 for the item" **I usually get better loyalty schemes than in store".**

Table – 3 Anova

Influencing factor		Consumer behaviour through influencing factors			Table Value	F	Sig
		Mean	SD	NO			
Gender	Male	3.4815	.44822	45	1.371	.244	NS
	Female	3.5778	.42878	75			
Age	18-30	3.5711	.44482	86			
	30-40	3.5566	.42348	20			
	40-50	3.3111	.39821	10			

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	50-60	3.4167	.35573	4	1.180	.321	NS
Educational Qualification	HSC	3.4778	.61986	10	.948	.453	NS
	Graduate	3.5849	.40343	72			
	PG	3.5882	.43170	17			
	Professional	3.3556	.49911	10			
	Diploma	3.2500	.31914	4			
	Other	3.5079	.45748	7			
Earning capacity	Independent	3.4444	.45781	44	3.514	.063	NS
	Dependent	3.5980	.41691	76			
Occupation	Self employed	3.5952	.48649	14	1.369	.241	NS
	Salaried	3.5556	3.9021	25			
	Businessman	3.3030	.33367	11			
	Household	3.4206	.55329	14			
	Student	3.6143	.40860	53			
	Retired	3.3333	.67586	3			
Marital Status	Married	3.4550	.44499	42	2.576	.111	NS
	Unmarried	3.5883	.42794	78			

There is no significant difference between the consumer behaviour of customers and demographic factors of respondents.

FINDINGS

- **62.5%** of the respondents belongs to female
- **71.7%** of the respondents belong to the age group of 18-30 years
- **60%** of the respondents are graduate
- **63.3%** respondents are dependent in earning
- **44.2%** of respondents are students
- **65%** of the respondents are unmarried
- The highest mean rating is 3.72 for the items **"It takes too long time"** and **"I buy product if there are extra points"** that is on average level of the respondents is between neutral and agree.
- The next highest mean rating is 3.64 for the item" **I usually get better loyalty schemes than in store".**
- There is no significant difference between the consumer behaviour of customers and demographic factors of respondents.

SUGGESSTIOS

- The points of the loyalty can be deducted only when the points are 100 or above 100. So this can be changed by the time of purchase when the points are less.
- The expiry date of the card affects the card holder because the duration for expiry is not sufficient. So expiry date can be avoided.
- There are different categories of cards like platinum, gold, Silver so they can afford some special offers to platinum than gold one.

CONCLUSION

The most important result that came out from the study was that customers do demand discounts but they want discounts that are redeemable easily and at their ease. So it is concluded that the program should be designed such that it gives customer benefits that are redeemable easily and quickly. The study also indicated that customers find it difficult to carry different loyalty cards every time they go for shopping. Thus it is essential to

offer more convenient way to use the loyalty card. As customer loyalty being one of the most important factors for the business today, loyalty programs –loyalty card can help the business gain profitability.

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