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A STUDY ON CONSUMER SATISFACTION ON LOYALTY CARD PROGRAMS WITH SPECIAL REFERENCE TO COIMBATORE CITY

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ABSTRACT

This article is based on consumer satisfaction towards loyalty cards .A loyalty card is an important element of customer relationship management for shop related to the retailing sector. As there is proliferation of loyalty cards over the wide range of categories, this is little research that also focuses on loyalty cards and measurement of its impact on consumer satisfaction level. The need of measuring the impact of loyalty cards is that loyalty programs acts as incentive schemes which benefits consumers based on the repeated purchases made by them. The loyalty cards encourage the consumers to make decisions more dynamically while making repeated purchases with the same shop. Based on the results of the study, it is concluded that loyalty cards have only limited impact and satisfaction level on customer's textile shop loyalty.

KEYWORDS: Consumer Satisfaction, Loyalty programs, cards

INTRODUCTION

Each time the customer buys something from the shop; points are electronically store done their card and can be exchanged later for go odor 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-cardholders because there are various available discounts and obtaining a loyalty card is quite simple.

STATEMENT OF THE PROBLEM

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. 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 analyze the factors that influencing while using loyalty cards
*To analyze the satisfaction level of customers

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SCOPE OF THE STUDY

The study aims at analyzing consumer satisfaction 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 loyalty cards. By this study retailers can also understand the effectiveness of loyalty cards options helps in consumer retention.

REVIEW OF LITERATURE

Lewis (2004)[1] developed a model for customers' response to a loyalty program under the assumption that purchases represent the choices of customers who are solving a dynamic optimization problem. This theoretical model is using a discrete-choice dynamic programming formulation. The author relies on specific loyalty program with data from an online merchant that specializes in grocery and drugstore items. The results suggest that the loyalty program under study is successful in increasing annual purchasing for a substantial proportion of customers. Loyalty programs have an important effect on customer relationship management for firms in travel-related industries such as airlines, hotels, and rental cars.

Kopalle and Neslin (2003)[2] have proposed analytical models to study the impact of loyalty programs in categories with different structures.

Deighton (2000)[3] addressed that information technology enables firms to practice individual-level marketing which help the wide spread of loyalty programs into several industries such as: gaming, financial services, and retailing.

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

Tools used

*Anova
* Garret Ranking

Table 1 - ANOVA

Influencing factor		Consumer Satisfaction through influencing factors			Table Value	F	Sig
Gender	Male	2.8933	.51804	45			
	Female	2.8853	.51483	75			

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Age	18-30	2.8372	.49895	86	1.011	.391	NS
	30-40	3.0100	.40249	20			
	40-50	3.0400	.83693	10			
	50-60	3.0000	.16330	4			
Educational Qualification	HSC	2.8600	.54201	10	.774	.570	NS
	Graduate	2.9194	.51201	72			
	PG	2.7765	.51421	17			
	Professional	2.9600	.63805	10			
	Diploma	2.5000	.47610	4			
	Others	3.0000	.30551	7			
Earning capacity	Independent	3.0000	.53873	44	3.345	.070	NS
	Dependent	2.8237	.49095	76			
Occupation	Self employed	2.7429	.55152	14	1.365	.243	NS
	Salaried	3.1040	.54197	25			
	Businessman	2.7636	.42725	11			
	Household	2.8143	.54612	14			
	Student	2.8642	.49734	53			
	Retired	3.0000	.20000	3			
Marital Status	Married	2.9381	.58516	42	.604	.439	NS
	Unmarried	2.8614	.47297	78			

Source: Completed **S: Significant at 5% level** **NS: Not Significant**

The null hypothesis is tested for each of the following influencing factors and demographic variable separately and presented in the table.

The F-ratio value has shown that there is no significant difference in the respondents buying behavior of customers through loyalty cards in textile showroom when they are classified based on their gender, age, educational qualification, earning capacity occupation and marital status thereby accepting the null hypothesis.

The f-ratio value has shown that there is significant difference in the respondents on satisfaction level of consumer loyalty cards when they are classified based on their gender of the consumer, thereby, rejecting the null hypothesis.

Table – 2 Garret Ranking

Rank	Mean Rank	Actual Rank
Price	3.18	I
Discount	3.34	II

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Shop name	4.09	III
Extra credit	4.28	IV
Prestige	5.00	VI
Quality	4.35	V
Customer service	5.15	VII
Others	6.62	VIII

The table shows that price has the lowest mean rank of 3.18 hence it is ranked as I indicating the highest important factor. Discount has the next lowest mean rank of 3.34, ranked II which is the second most important factor among the factors in loyalty cards. The least important factor is other factors like community outreach, convenience, knowledge, responsiveness results in mean rank of 6.62; hence it is ranked as VIII.

FINDINGS

There has no significant difference between buying behavior of customers and influencing factors of loyalty cards in textile showrooms given by the respondents classified based upon the demographic and influencing factors.

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SUGGESSTIONS

The customers feel difficult to carry loyalty cards everything so it can be avoided by:

Code based usage: The second option is to remove the card system and allot the customers special codes. This would just require the customers to remember the code every time they go for shopping.

Integrate it with the credit card: The best possible option is to integrate the loyalty card with the credit card. Customers always carry their respective credit card for shopping this will ensure that customer is not required to make any additional effort to avail the benefits of a loyalty program and at the same time retailers can design a special credit card integrated with their marketing strategy. This is a win-win situation for customers, retailers and also bankers.

CONCLUSION

The above analysis and findings, it is concluded that, all types of respondents have the same level of awareness about the textile shops. It should provide competitive price for its brand items to attract the customer's. Therefore it is concluded that the sales of any product can be increased through discount, attractive price, gifts, exchange offers, advertisement and etc. The socio-economic characteristics has not influence the frequency of seeing advertisement. But it influences the purchasing decision and satisfaction.

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